



U.S. Department of State FY 2000 Country Commercial Guides: Egypt

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COUNTRY COMMERCIAL GUIDE - EGYPT FY 2000

CHAPTER I. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Egypt's commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. Government agencies.

By far the largest Arab country by population, Egypt is in the heart of the Middle East and boasts a reasonably well-educated and English-speaking labor force. The market is large: anywhere from five to ten million of Egypt's total population of 63 million enjoy western consumption patterns. The rest of the population is poor, but habits and consumption are changing rapidly: for example, fast food franchising continues to be an area of notable growth. Moreover, given its strategic position in the region, Egypt

continues to benefit from strong donor support, including about \$2 billion annually in U.S. economic and military assistance. Bilateral efforts are underway to reduce economic assistance gradually, as our relationship begins to make the transition from "Aid to Trade." Progress in the Arab-Israeli peace process will have an effect on opening regional markets, but Egypt itself enjoys political stability and a growing if still transitional economy that is increasingly open to the global market.

Egypt is a market opening wider to U.S. exporters and is increasingly attractive for an eclectic mixture of U.S. goods ranging from expensive consumer products aimed at the wealthy, to competitively priced industrial and agricultural inputs (plastics, chemicals, components and fertilizers) for Egypt's expanding industry, to grains and feeds, processed foods, and a wide range of new and used industrial goods. Egypt's fiscal and monetary reforms since 1991 have created a stable currency and allowed the country to accumulate reserves of over \$18 billion, equal to over a year's worth of imports.

The cabinet, installed in January 1996, began serious steps toward selling off state-owned factories and other companies, including sales to strategic and anchor investors. This is a major change from years past when the government was reluctant to privatize its extensive (two-thirds) public holdings. Share sales through the capital market to Egyptian and foreign investors are growing steadily and offer a vote of confidence by the private sector in the government's reform program.

Over the past two years, a variety of economic legislation has been passed or introduced which will serve to facilitate private sector activity in Egypt as well as better enable American firms to do business in Egypt. A Tenders Law No. 8 was passed by the People's Assembly in May 1998 lending greater transparency and predictability to the bidding process. In addition, Egypt's Parliament passed a new Companies Law No. 3 in January 1998, a revised Law No. 118 of 1975 on Import and Export Regulations in January 1998, Law No. 156 on Insurance Supervision and Control in Egypt, and revised Customs Law No. 158 in December 1997.

Red tape remains a key business impediment in Egypt, including a multiplicity of regulations and regulatory agencies, delays in clearing goods through customs, arbitrary decision-making, high market entry transaction costs, and a generally unresponsive commercial court system. At cabinet levels, the government has shown willingness to intervene in favor of private sector concerns and to abolish or modify onerous regulations when they are brought to the attention of senior officials. A strategic alliance between the U.S. Embassy, American exporters, and their Egyptian importers, agents and partners has proved successful in combating unfair bureaucratic practices.

U.S. firms have competed successfully for major infrastructure projects in Egypt, and more projects are on the way, some of which have regional impact, such as airports, telecommunications, TV broadcasting, and port projects. Tourism is a major growth industry, especially along the Mediterranean and Red Sea coasts, and is attracting U.S. project management expertise and quality U.S. building systems and equipment.

The U.S.-Egypt Partnership for Economic Growth and Development, under the sponsorship of Vice President Gore and President Mubarak, explained in this guide, offers a framework within which U.S. firms and Egyptian counterparts can implement closer trade and investment ties that provide jobs in both countries and bind both private sectors together.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank or via the Internet. Please contact STAT-USA at 1-800-STAT-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at [HTTP://WWW.STAT-USA.GOV](http://WWW.STAT-USA.GOV); [HTTP://WWW.STATE.GOV/](http://WWW.STATE.GOV/); and [HTTP://WWW.MAC.DOC.GOV](http://WWW.MAC.DOC.GOV). They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRADE or by fax at (202) 482-4473.

Other information on Egypt and surrounding countries is also available from numerous on-line sources, including:

WWW.ITA.DOC.GOV (includes all homepages of International Trade Administration (ITA) entities)

WWW.ITA.DOC.GOV/USCS/EGYPT (homepage of the Commercial Service in Egypt)

WWW.ITA.DOC.GOV/ITP/EGYPT/EGYPT.HTML (homepage concerning the US-Egypt Partnership)

WWW.USIS.EGNET.NET (homepage of the U.S. Information Service on the U.S. Mission to Egypt)

WWW.ITA.DOC.GOV/TIC (homepage of the Trade Information Center of the U.S. Department of Commerce)

CHAPTER II. ECONOMIC TRENDS AND OUTLOOK

The Egyptian government can view with satisfaction a number of economic developments over the last ten years. Egypt's positive macroeconomic situation at the end of the decade contrasts positively with the country's circumstances at the beginning of the 1990s. The accomplishments of the government's reform program include respectable levels of GDP growth and international reserves, as well as sustained fiscal discipline. While not unscathed by the fallout of the financial crises of the last two years, Egypt navigated these upheavals in relatively smooth fashion in comparison with the experiences of developing countries in the Far East and South America. Foreign exchange earnings appear to be on an upward trend in such key sectors as tourism and oil and gas. The GOE reports, for example, that tourist room occupancy was at all time highs in May 1999 (although revenue recovery continues to lag behind the rebound in tourist numbers). Egypt may also benefit in the near and medium terms if oil prices hold and the Far Eastern economic recovery gathers strength, developments that could benefit Egypt in terms of increased Suez Canal receipts, worker remittances, and exports.

Egypt must deal with a number of challenges if it is to fully capitalize on these accomplishments and positive trends. Continued structural reforms remain critical to the government achieving its long-term objective of export-driven, private sector-led sustainable annual GDP growth of 7-8%. For example, renewed momentum in Egypt's privatization program, particularly in key areas such as insurance, banking, and telecommunications, could provide an important boost to investor interest and the economy. Companies also continue to cite the need for Egypt to improve the business climate by cutting transaction costs and reducing bureaucracy and red tape, among other measures. Egypt's key sources of foreign exchange (tourism, petroleum exports, Suez Canal receipts and worker remittances) remain vulnerable to external shocks and export growth is lagging, points which underscore the need to diversify the economy. Egyptian policy makers will need to consider how to address monetary and balance of payment issues in ways which impact less on investor confidence. Several trade-related decrees over the past year, for example, generated concern in the business community regarding the GOE's commitment to continuing economic reform. The Central Bank's use of foreign exchange rationing and other measures to control the outflow of foreign exchange disrupted business and sent a confusing policy message to local and international investors. These and other pressures led financial observers to question whether the Government could maintain simultaneously its current Egyptian pound/dollar exchange rate policy and domestic interest rates at their current levels.

The Government is aiming at a GDP growth rate of 6-7% in FY 1999/2000 (year ending June 30). Many analysts view this rate as overly ambitious, anticipating growth in the 5-6% range. Nonetheless, the GOE's growth target demonstrates the priority it attaches to providing opportunities for the approximately 550,000 annual new entrants to the job market, a key objective in a country with a population growth rate of around 1.9%. The construction, transportation, and industrial sectors will be the primary engines of economic growth. The Government remains committed to a set of macroeconomic policies that in recent years has achieved significant success. Its fiscal discipline is reflected in a 1998/99 budget that kept the government deficit to around \$1.2 billion, equivalent to 1.3% of GDP. The GOE anticipates holding the deficit to a

similar level in FY 1999/2000. The inflation rate in FY 1998/99 will likely average around 3.8%, the level recorded for the prior year and anticipated for FY 1999/2000.

The Government took several steps in FY 1998/99 to advance its reform agenda. Laws were passed, for example, laying the basis for expanded participation by the private sector and foreign investors in the banking and insurance sectors. In 1999, the Government passed a new Commercial Law, consisting of 700 articles arranged in five chapters, to effect a broad modernization of the legal environment for business. Legislation is pending to expand the application of Egypt's sales tax, an important measure for strengthening the Government's fiscal base. The GOE also instituted another round of tariff cuts. There remains, however, an extensive list of reforms yet to be undertaken. U.S. businesses look for a strengthening of Intellectual Property Rights protection in terms of increased enforcement, as well as the passage of a new patent law. Passage of a new labor law granting employers the right to dismiss employees and workers the limited right to strike has been pending for several years and may be on the People's Assembly agenda in late 1999 or early 2000. A range of hurdles hinders U.S. agricultural exports and firms are concerned by decrees setting new requirements for imports of consumer goods and automobiles. Companies continue to cite red tape, bureaucracy, and a changing and opaque regulatory environment as impediments. Senior Egyptian leaders continue to stress the Government's determination to press forward with economic reform while assuring that the social needs of the Egyptian people are met. The World Trade Organization (WTO) disciplines coming into play between 2000 and 2005 will also provide an impetus for reform.

PRINCIPAL GROWTH SECTORS

Services: Tourism and the Suez Canal dominate Egypt's services sector which accounts for 32.1% of GDP and 34.7% of total exports of goods and services. Tourism is Egypt's top foreign exchange earner. Tourism revenues in FY 1997/98 were \$2.9 billion. While revenues were down 19% compared with the previous year as a result of two high-profile terrorist attacks in 1997, the tourism sector has been on the upswing since mid-1998.

Suez Canal revenues dropped by 4% to \$1.77 billion in 1997/98, continuing the downward trend of the previous year. Competition from alternative routes, oil pipelines, a decrease in the number of car transports, and the effect of the East Asian economic downturn are among the factors squeezing canal revenues. To encourage the use of the waterway, the Suez Canal Authority has experimented with new pricing policies and has plans to deepen the canal to accommodate super tankers.

Energy: The oil and gas sector accounted for about 6.7% of Egypt's GDP and 33.7% of merchandise exports in FY 97/98. Reflecting the global downturn in petroleum prices, the value of exports of petroleum and related products fell to \$1.7 billion in FY 1997/98, down from \$2.6 billion the previous year. On the positive side, oil prices have firmed in 1999. In addition, over the last five years Egypt's improved concession rates have drawn multinationals into exploration for oil and gas. The most significant developments have been in the gas sector, with promising finds made in the offshore Nile Delta region. Companies have made large investments in these fields, encouraged by attractive Egyptian purchase prices indexed to Gulf of Suez crude. Domestic gas use has grown with the construction of a 3,000-km gas distribution network reaching most major electrical plants. Egyptian gas consumption is expected to reach 59.2 billion cubic feet per day in the year 2000. New discoveries should lead to an exportable surplus of gas by early 2000.

Agriculture: Agriculture remains one of Egypt's most important sectors. However, the sector's contribution to GDP has gradually fallen from 20% in FY 86/87 to 17.3% in FY 98/99. The number of Egyptians employed in the agricultural sector has also fallen, from 33.8% of the total labor force in FY 90/91 to around 29.5% at present. Despite productivity gains since the mid-1980s, Egypt remains one of the world's largest food importers.

Construction on the Toshka Canal project began in October 1996 in the area bordering Lake Nasser, north of Abu Simbel. The project aims to double the size of Egypt's arable land in fifteen years' time. The project's estimated cost is \$88.5 billion with the government committed to providing \$5 billion in major

infrastructure work and the balance of funding expected to come from the private sector. Government incentives for investment in Toshka-related areas include tax exemptions, customs exemptions, and low land prices. Economic and environmental impacts remain under study.

Industry: Egypt's industrial and mining sectors account for 18.6% of GDP and 13.4% of employment. As a result of the government's privatization program, the private sector's role has steadily expanded in key sectors, such as metals (aluminum, iron, and steel), petrochemicals, cement, automobiles, textiles, consumer electronics, and pharmaceuticals. The government has made development of high technology a priority, and seeks to attract export-oriented manufacturing firms. Tax and other incentives are generous for such enterprises.

Infrastructure Projects: The role of private investment in key infrastructure areas has increased significantly over the last year. The Government has announced that all future power generation projects will be constructed on a build-own-operate-transfer (BOOT) basis with the implied suggestion that over time the "transfer" requirement could drop out of the BOOT equation. Three BOOT power generation awards have been made to date, with one going to a joint venture with Bechtel as the U.S. partner. The government has sold cellular phone concessions to private firms and has opened new airports, ports, and port services to private investors. The Government's increasing receptivity to private investment in infrastructure will provide expanded opportunities for U.S. firms.

KEY ECONOMIC TRENDS AND ISSUES

Solid Macroeconomic Performance: Since 1991 Egypt has followed a successful course of macroeconomic stabilization. The Government's program has yielded positive growth rates (averaging 4-5% in recent years) low inflation, large foreign currency reserves (around \$18.8 billion as of June 1999 or about 13 months of import coverage) and a stable currency. These developments helped Egypt receive investment grade debt ratings in 1997, which it will likely retain through 1999 notwithstanding the global financial crises, as shown by Moody's February 1999 upgrading of Egypt's sovereign rating from the speculative grade of Ba-1 to the investment grade of Baa-1.

Continuing Budget Discipline: In line with recent policies, the Government submitted a FY 99/2000 budget that holds the deficit to around 1% of GDP. The draft budget calls for new spending of LE 34.5 billion to be focused on social services to help ensure that economic reform policies do not adversely affect lower income groups. Indications that the deficit could increase to as much as 1.3% of GDP are a source of some concern. Moreover, donor nations have expressed concern that the Government should do more to ensure that all Egyptians share the benefits of economic reform. Certain aspects of the budget, such as defense spending, are not transparent.

Balance of Payments: According to the Central Bank of Egypt, the country's balance of payments turned negative in FY 1997/98. This was due primarily to a deteriorating current account, which registered a \$2.8 billion deficit in FY 97/98, a significant negative turn from the previous year's surplus of \$118.6 million. Egypt's merchandise trade deficit contributed to this trend, registering \$11.8 billion in FY 97/98. Preliminary data for FY 1998/99 suggest that Egypt's trade deficit is continuing to grow. As of the end of March 1999, the trade deficit stood at around \$9.3 billion, ahead of the figure of \$8.6 billion at the same time last year. Concern about the direction of the Balance of Payments and the squeeze on foreign exchange earnings may have played a role in the Government's decision to implement trade-restricting decrees in 1998, including a measure requiring that consumer goods be imported directly from the country of origin. Investors will look to the Egyptian Government, as it manages these difficult issues, to devise strategies, which do not disrupt the trade and business environments.

Boosting Savings and Investment Rates: Structural reform will play a critical role in Egypt's effort to increase its private savings and investment rates to the levels needed to fuel economic growth. Egypt's projected 1998/99 savings rate (16.2% of GDP) and investment rate (19.2% of GDP) are well behind other emerging markets, as are levels of foreign direct investment (FDI) and portfolio investment. The stock of non-petroleum foreign direct investment grew to \$6.7 billion in 1998, up from \$6.5 billion in 1997,

according to the Egyptian government's General Authority for Investment and Free Zones (GAFI). These figures indicate that FDI flows in 1997/98 totaled around \$245 million. GAFI statistics put the stock of non-petroleum U.S. investment in Egypt in 1997/98 at \$543 million, down from \$707 million the prior year. According to the U.S. Department of Commerce, the stock of American investment in Egypt (including the petroleum sector) totaled \$2 billion as of end-1998. Official Egyptian statistics indicate that the United States topped the list of non-Arab investing countries in 1997/98, contributing 16% of FDI.

STRUCTURAL ADJUSTMENT AND PRIVATIZATION: KEYS TO GROWTH

The Government is working to translate macroeconomic stabilization into private sector-led, export-oriented sustainable GDP growth rate of 7-8%. It is a critical goal in a country with 1.9% annual population growth, an annual 3.2% increase in the labor force, and significant unemployment (8.2% by official estimates though unofficial estimates by some observers range as high as 25%). The flagship effort of this process is Egypt's privatization program. Through this program, the Government seeks to reduce the size of the civil service, expand the share of private sector activity in the economy, and boost Egypt's investment and savings rates. The programs include plans for the privatization of one of the four public sector banks as well as one of the three public sector insurance companies, although timing for these actions is unclear.

The Government has made significant progress, privatizing 125 of 314 target companies as of March 1999. To speed the sale of more marginal state-owned firms, the Government plans to turn increasingly to anchor investors. Problems related to the valuation of state-owned companies have hindered such efforts in the past. The Government has the ambitious goal of completing privatization of all public enterprises by 2002.

The Government launched additional structural reform efforts on several fronts the last year. It expanded the role of foreign and domestic private firms in key areas previously reserved for the public sector by selling concessions for cellular telephone systems and opening the power sector to BOOT investment. The Government built on earlier efforts to rationalize and modernize Egypt's legal and regulatory environment, with the Parliament passing laws to streamline procedures for establishing companies, permit the privatization of public sector banks and insurance companies, strengthen the rules on government procurement and open port facilities and services to private investors. The lessons of the East Asian financial crisis have not been lost on the Egyptian leadership. For example, increased emphasis is being placed on implementing international accounting and reporting practices for banks and firms listed on the Cairo Stock Exchange. USAID is funding a major capital markets modernization program and programs to strengthen the regulatory environment for business. USAID is also engaged in efforts to assist the GOE in improving its enforcement of Intellectual Property Rights.

INFRASTRUCTURE

Y2K Problem: Although some ministries, such as Petroleum and Defense, had initiated their own earlier efforts, the Government of Egypt began to comprehensively address the Y2K issue in late May 1998 when Prime Minister Ganzouri formed a senior inter-ministerial committee to oversee the problem. The U.S. Government is assisting the Egyptian Government in its Y2K efforts in such key areas as air traffic control, power, water and waste water, and telecommunications. Other efforts are specifically focused on testing and contingency planning training. A USAID-funded contractor, Duke Power, is also helping the Ministry of Energy manage its Y2K program.

ECONOMIC COOPERATION

The U.S.-Egypt Partnership for Economic Growth and Development: The U.S. Egypt Partnership for Economic Growth and Development is the framework through which the United States supports Egypt's economic transformation. Launched by Vice President Gore and President Mubarak in September 1994, this unique initiative seeks to address the barriers to sustainable Egyptian economic growth through four intergovernmental subcommittees. These subcommittees support joint efforts in trade and finance; science

and technology; the environment; and education. The partnership is designed to maintain high-level government dialogue speed implementation of reforms and engage senior business leaders from both countries. A key private sector component is the President's Council, an advisory group of 15 American and 15 Egyptian business leaders.

U.S. Support for Trade and Investment: The Overseas Private Investment Corporation (OPIC), the U.S. Export-Import Bank (Ex-Im Bank), and the Trade and Development Agency (TDA) have expanded their efforts over the last year to support the growth of U.S.-Egyptian bilateral trade and investment, as well as the activities of the U.S. firms throughout the Middle East and Sub-Saharan regions. High level delegations from all three agencies visited Egypt in 1999. In July 1999, Egypt and OPIC signed an updated investment agreement to facilitate the ability of the agency to provide political risk insurance for U.S. private investment as well as for bid, performance, advance payment, and customs bonds and guarantees issued on behalf of U.S. suppliers and contractors in Egypt. To date, 25 U.S. investment projects in Egypt have been covered by OPIC insurance. Since its inception in 1981, the U.S. Trade and Development Agency (TDA) has provided a total of around \$35 million in funding for feasibility studies, orientation visits, training grants, and conferences that support economic needs and priorities in North Africa and the Middle East. TDA's most recent activities in Egypt include a \$750,000 grant awarded in March 1999 to the Egyptian Arab Trading Company for a feasibility study on the construction of the Suez Petrochemical Complex. In April 1998, TDA awarded a \$400,000 grant to the Egyptian Civil Aviation Authority to fund a feasibility study for the complete technical, financial, and environmental review of the conversion and expansion of the Borg El Arab airport west of Alexandria. The Export-Import Bank of the United States is an independent U.S. government agency that finances the overseas sales of U.S. goods and services. Since its inception in 1934, the Ex-Im Bank has provided financing for transactions totaling more than \$300 billion. Ex-Im's total actual exposure in Egypt is currently \$45.9 million.

U.S.-Egypt Trade and Investment Framework Agreement (TIFA) and other Regional Initiatives: In July 1999, Egypt and the U.S. signed the Trade and Investment Framework Agreement (TIFA). The TIFA is intended to lead to freer trade between the two countries. The TIFA established a Council on Trade and Investment composed of representatives of both governments, and chaired by the US Trade Representative (USTR) and Egypt's Ministry of Trade and Supply. The Council will meet regularly to discuss specific trade and investment matters, providing a valuable mechanism for promptly addressing these and other issues that may rise between the U.S. and Egypt.

Egypt has been in negotiations with the European Union on an association agreement under the Mediterranean Initiative since 1995. In January 1998, Egypt began implementing agreements reached with Arab League members in connection with the Arab Common Market treaty of the 1960's. These agreements call for phasing out existing tariffs over a ten-year period. Egypt joined the Common Market for Eastern and Southern Africa (COMESA) in June 1998, reducing tariffs with COMESA partners by 90% in 1999 and committing to eliminate them entirely by 2000.

U.S. Economic Assistance: U.S. economic assistance to Egypt is administered by USAID, which has been working in Egypt since 1975. Assistance levels were set at \$815 million per year between 1979 and 1998 as a result of the Camp David accords (1978). Since 1979, USAID has been instrumental in putting into place the foundations for economic growth, such as infrastructure (water, wastewater, power and telecommunications) and a favorable economic policy environment for private sector development.

The recent areas of concentration of the program have been job creation, economic growth and productivity, infrastructure, education, democracy and governance, population, health and nutrition, environment and natural resource management. It is currently projected that the economic assistance levels for Egypt will be reduced over a ten-year period to a new level of around \$400 million. In line with this reduction in resources, USAID proposes to adopt a new strategy that will move Egypt from an assistance-based relationship to a relationship based on trade.

CHAPTER III: POLITICAL ENVIRONMENT

NATURE OF POLITICAL RELATIONSHIP WITH THE UNITED STATES

President Hosni Mubarak has supported a strong U.S.-Egypt relationship based on shared interests in promoting regional peace and stability, revitalizing the Egyptian economy, and strengthening trade ties. Over the years, Egypt and the United States have worked closely to help further the Middle East peace process. In 1993-94, Egypt hosted many of the negotiating rounds for the Gaza-Jericho autonomy agreement which was signed in Cairo in May 1994 by Israeli Prime Minister Yitzhak Rabin and Palestinian Authority Chairman Yasir Arafat. In November 1996, Cairo hosted the Middle East/North Africa (MENA) Economic Conference.

MAJOR POLITICAL ISSUES AFFECTING BUSINESS CLIMATE

Terrorism: Since 1992, extremist groups seeking to overthrow the Egyptian government have staged attacks on Egyptian Government officials, security forces and foreign tourists. Terrorist attacks do not threaten the stability of Egypt's secular government, but they do affect overall business climate and Egypt's tourist industry in particular. The November 1997 attack in Luxor, the country's largest single terrorist incident, that resulted in the death of 58 foreign tourists, led to a sharp downturn in numbers of tourists. Nevertheless, the wave of terrorism has receded since Luxor, partially owing to a much stronger and more aggressive security presence throughout the country. The number of terrorist attacks in the first half of 1998 was the lowest since 1993, and there are initial signs that the tourism industry is beginning to bounce back.

Political Reform: The Egyptian political system has undergone significant liberalization since the Nasser era of the 1950s and 1960s. Today, citizens enjoy a substantial degree of freedom of expression, and the judiciary has demonstrated its independence from the executive branch, although the media has recently been the target of increased government scrutiny. The government's anti-terrorism campaign has raised serious allegations of such human rights abuses as torture, arbitrary arrest, prolonged detention without trial, and the use of military courts to try civilians accused of terrorism. Moreover, the governing National Democratic Party (NDP) dominates the political scene to such an extent that, as a practical matter, people do not have a meaningful ability to change their government. In 1997, the People's Assembly approved a three-year extension of the Emergency Law, and Egypt has been under an official state of emergency continuously since 1981, the year in which the late President Sadat was assassinated.

BRIEF SYNOPSIS OF POLITICAL SYSTEM, SCHEDULE OF ELECTIONS, AND ORIENTATION OF MAJOR POLITICAL PARTIES

The Egyptian Constitution provides for a strong president who is empowered to appoint one or more vice presidents, the Prime Minister, the cabinet, and the governors of Egypt's 26 provinces. In 1993, President Hosni Mubarak was endorsed in a national referendum, in which he ran unopposed, to serve a third six-year term as President by the People's Assembly. The People's Assembly has 454 members, 444 popularly elected and 10 appointed by the President. The constitution reserves 50% of the Assembly seats for workers and farmers. Assembly members sit for five-year terms. The next people's Assembly elections are scheduled for the year 2000.

There is also a 254-member Shura (Consultative) Council that has an advisory role on public policy but no legislative power.

The NDP has been in power since its establishment in 1978, commands large majorities in the Assembly and the Shura Council, and effectively controls the local governments, mass media, organized labor, and the large public sector. The NDP is an umbrella political party containing within its ranks members who favor greater economic and political reform, as well as those who advocate continued government ownership of the public sector and an active government role in directing the economy. There are more than a dozen authorized opposition political parties representing a range of views. But most are small and enjoy limited visibility. Members of five of these parties hold a total of 12 seats in the people's Assembly.

CHAPTER IV. MARKETING U.S. PRODUCTS AND SERVICES

DISTRIBUTION AND SALES CHANNELS

Foreign firms can sell directly within Egypt if they are registered to make direct sales. Many do so as part of a manufacturing or assembly operation in Egypt. A few foreign firms use free zones or bonded warehouses to store goods and hire their own employees to sell door-to-door consumer goods, such as vacuum cleaners.

Most foreign firms, however, rely on Egyptian companies for wholesale and retail distribution, ensuring their effectiveness through staff training programs in Egypt and abroad, supplying short-term home office personnel to work with the Egyptian firm in Egypt, and making regular visits by marketing and technical support staff. Although the concept of "marketing," as compared to simply selling, or waiting for the customer to find and come to you, is new to Egypt and weakly practiced, there are a growing number of good Egyptian firms who know what they are doing and how to market the products in which they specialize.

Egyptian commercial agents are required for foreign firm bids on most civilian government tenders. By contrast, commercial agents cannot be used to bid on military tenders, although use of Egyptian "consultants" may be allowed if the arrangement is properly structured. Commercial agents are optional when bidding on tenders issued by the petroleum companies, when selling to the private sector, or when selling under USAID-financed programs.

There are many choices for distributors, dealers and agents in Egypt. There are a few firms with modern management, including "profit center" staff responsible for success in specialized departments. There are more traditional "general trader" type companies, some of which have developed a certain specialization (e.g., lumber, building products, canned goods, fresh and frozen meats), and some of which handle "everything." Also there are smaller firms specializing in only a few product lines or only a handful of foreign suppliers.

According to Egyptian Customs authorities and the Ministry of Public Enterprises, in 1998 Egypt had 5,200 registered importers, 8,400 exporters, 3,300 commercial agents representing 104,000 foreign firms, and 3,200 factories licensed to import components. Most of these firms are privately owned, but the government sector -- which produces two-thirds of manufacturing output -- includes some 279 separate companies affiliated with 16 holding companies; nearly 30 military factories that also make civilian products; and 1,500 companies owned by one of the 26 provincial authorities (governorates).

Most retailers of consumer goods tend to import their own needs directly, rather than pay high markups to wholesalers -- sometimes a suitcase or truckload at a time. A corollary is that many Egyptians would prefer getting quotes directly from the overseas supplier instead of from the local agent, on the theory that the price will be better. This requires that U.S. principals be sensitive in prescribing the role (and presumed cost) of their Egyptian agent if the U.S. firm refers customer inquiries back to the Egyptian agent, or to a regional representative outside Egypt.

Only registered commercial agents can work on government tenders. Often such persons have retired from the government agency to which they are now specialized in selling. This is especially common among persons selling to the military, security and police agencies. In the extreme, some of these people literally operate out of their homes and have neither office nor staff, but they can be effective.

In Egypt, as elsewhere, the artistry of appointing a representative requires a blend of many concerns and decisions. Will your company and its product line be prominent in the attention of the prospective agent, or just be added to a dusty shelf of many other product lines? Is his influence with government decision-makers generational and therefore subject to decline as his years pass? Does he have children or trusted staff being groomed for responsibility?

Egyptian law requires that all commercial agents and importers have Egyptian nationality. (If it is a company, the chairman and all members of the board must be Egyptian, and it must be 100% Egyptian-owned.) Agents also must have resided continuously in Egypt for at least five years (with specified exceptions for expatriate Egyptians having an overseas work permit); be certified by a local chamber of commerce or professional association; not be a civil servant or worker in a public sector company (i.e., not moonlighting), nor a member of the People's Assembly; not be a "first grade relative" (i.e., a member of the immediate family, or uncle, aunt, niece, or nephew) of a civil servant of the rank of Director General or higher, or of a member of the People's Assembly. (This prohibition against agents with family members in government is rarely enforced.) Public sector firms can be agents, as can be private firms and individuals.

Distributor-type companies with any foreign ownership can market goods, including imported goods, in the following circumstances, although they cannot handle the import operation, per se:

(A) General Partnership Companies, or Limited Partnership Companies: In these types of companies, there may be a foreign partner, provided that the Egyptian partner(s) have at least 51% of the capital and the general manager or head of the company is an Egyptian national. In these instances, such a distributorship company cannot be an "importer" nor act as commercial agent unless it is 100% Egyptian owned and managed.

(B) Limited Liability Company: A foreign partner in this type of distributorship company faces no limit on the percentage of ownership, provided that at least one manager of the company is an Egyptian national (there can be one or more managers depending upon the articles of incorporation), there are at least two shareholders or partners, and the capital of the company is not less than LE 50,000 (approximately \$15,100). A distributorship company of this type also cannot be an "importer," nor act as commercial agent.

(C) Joint Stock Company: Provided that at least 49% of the shares are offered to Egyptians upon formation, foreign shareholders ultimately can own up to 100% of the company, provided that a majority of the board of directors are Egyptians, the capital of the company is not less than LE 250,000, and there are at least three shareholders. Again, a distributorship company of this type may not import or act as a commercial agent unless it is at least 100% Egyptian owned and managed.

Foreign firms which form a distributorship as mentioned above often permit the Egyptian partners to form a separate company to act as "importer" or agent. The latter delivers the goods to the distributorship company for distribution/marketing within Egypt.

USE OF AGENTS AND DISTRIBUTORS - FINDING A PARTNER

Egyptian law concerning commercial agency agreements is among the most liberal in the Middle East from the foreigner's perspective. The law is neutral concerning exclusivity, compensation is not required to cancel an agency, and there is no minimum notification period for cancellation. There is no requirement that the agent authorize the import of the foreign principal's products into Egypt, nor that the importation take place through the agent. (Importers of any product must be separately registered, under another law.) Commercial agents must register the fact of their agency with the Ministry of Supply and Trade's Commercial Registry Department, giving basic facts about the agreement including the amount of commission to be received on sales. The foreign firm itself faces no local registration requirement. The commercial agency law is also neutral about dispute settlement procedures (leaving this to the parties to decide, preferably in writing at the time of appointment of the agent, and in advance of a dispute), and on the amount of commission due an agent.

Commission rates vary according to the type of product or service, volume of sales, and effort needed by the agent. The larger the volume of sales, the smaller the commission. For commodities such as rice, wheat, sugar, lumber or cotton, the commission ranges between 1-3%; for chemicals and foodstuffs 3-5%;

for medical equipment, earthmoving equipment, office/business equipment, about 10%; for expensive laboratory and scientific equipment, 15%. For major projects such as a complete civil engineering project, the commission is typically 1-3%. In tenders the commission is calculated in the quoted bid. If a bidder reduces the bid price, the agent typically is asked to share in the reduction. Commission rates must be reported in bid packages for government tenders, with the government reserving the right to reduce any commission it deems extravagant. As previously noted, commission rates also must be noted in the Ministry of Supply and Trade commercial registry documents signed by the Egyptian agent.

Although law does not require exclusivity, in practice most Egyptians expect or at least hope for it. The majority of U.S. firms have one or two Egyptian agents, although a few have more.

Agencies can be split geographically, although this is generally avoided in a country like Egypt, where activity is centralized around the capital city of Cairo. If there is a geographic split, it is generally Alexandria with or without the Delta cities on one hand, and Cairo and the Nile valley on the other. Agencies also can be split between private and public customers, with one agent specializing in tenders and another handling private sector customers. Agents often appoint subagents to cover smaller cities.

There is no special Egyptian secret to finding a partner. It is as difficult and personal in Egypt as anywhere. Networking and lengthy investigation by the interested principal are necessary. There are plenty of reputable, dynamic, educated, and far-sighted Egyptian entrepreneurs available in Egypt, and some reside overseas in London, Paris, or the United States. The best are on a par with those of senior management of major U.S. corporations, and they should never be underestimated in one's evaluation of them or in negotiating with them.

In this search, for an appropriate partner, the U.S. Mission in Egypt can be helpful through its network of contacts developed by the Commercial Service, Foreign Agricultural Service, U.S. Agency for International Development, the Office of Military Cooperation, the U.S. Information Service, the Embassy's Economic and Political offices, and others. The Agent/Distributor Service (ADS) program, offered by the U.S. Commercial Service, is designed to assist U.S. companies in finding appropriate local agents/distributors for their products. For further information, U.S. business representatives should contact the nearest Department of Commerce Export Assistance Center in the United States, or the Commerce Department's Trade Information Center at 1-800-USA-TRADE.

Recommended business networks in Egypt include the 1,000 members of the American Chamber of Commerce in Egypt (with branch offices now in Alexandria and Washington, DC) and various associations of Egyptian entrepreneurs including the Egyptian Businessmen's Association, the Alexandria Business Association, the Federation of Egyptian Industries and the Egyptian Exporters Association. There are investor committees in the large industrial cities of Tenth of Ramadan, Sixth of October, Borg El Arab, and a chamber in Ismailia promoting projects in the Sinai.

FRANCHISING

Franchising of fast-food restaurants and clothing stores is a growing business in Egypt. Franchises in other business lines include do-it-yourself systems, language and computer training centers, pest control and gold plating.

Fast-food restaurants in Egypt, mostly affiliated with U.S. firms, are the fastest growing area within the franchise sector. Its representatives are more unified in overcoming the bureaucratic barriers this industry faces. An International Franchise Committee has been established under the umbrella of the American Chamber of Commerce in Egypt and is engaged in speaking with senior government officials to find solutions for their common problems, such as delays in customs clearance of imported foodstuffs where four different government agencies are involved. Delays can normally run 25 days or even up to three times that much. The committee also plans to promote the franchising concept as one which can play a positive social role, offering employment and advancement for young people.

At present, there are 33 American fast-food franchisors operating in Egypt. They include such popular chains as Chili's, KFC, McDonald's, Pizza Hut, Subway, Popeyes, Taco Bell, Kenny Rogers, TGIF, Hard Rock Cafe, and Little Caesars Pizza.

Egyptians themselves have begun franchising their own retail businesses to others, particularly clothing stores. This suggests that the franchise business concept, per se, is acceptable within the Egyptian cultural milieu and could be replicated in other business lines by interested firms.

All but one of the franchises now operating in Egypt is the result of an Egyptian entrepreneur approaching the foreigner, rather than the result of a marketing effort by the foreign firm. While this may show an entrepreneurial spirit among Egyptian business persons, it also highlights an attention gap on the part of foreign businessmen.

DIRECT MARKETING

Direct marketing within Egypt is covered in a previous section, Distribution and Sales Channels. Other forms of direct marketing such as catalog sales or television sales tend to be problematic and are just beginning. This is tied directly to the fact that the use of credit cards or checking accounts drawn on foreign banks is not common in Egypt (although it is increasing), and the mailing of goods into Egypt faces the risks of mail theft, loss in the airport mail warehouse, and arbitrary and high customs duties.

Foreign Sales Corporations (FSC)

Under U.S. law, FSC's can be set up in Egypt and other specified countries to permit a U.S. firm to exempt a portion of its earnings from U.S. taxes. Egypt has no such law, but can accommodate an interested U.S. party. One way is to obtain Investment Authority (GAFI) approval for a site (e.g., storage warehouse) in an Egyptian Free Trade Zone. The company's normal business offices can be located anywhere in country, including outside the Zone. This offers tax-free treatment under Egyptian law of the company's business located in the Zone, while also giving the U.S. firm the benefits of U.S. tax exemptions as an FSC.

JOINT VENTURES/LICENSING

Egyptian entrepreneurs like the comfort factor in having a foreign partner in a joint venture in Egypt. The foreigner supplies and ensures quality of the technology, as well as the "cachet" necessary to gain customer acceptance. Foreign equity in joint ventures can be as low as a few percentage points, depending upon mutual agreement. Egyptian Law No. 8 (Investment Incentives and Guarantees Law) allows foreign investors to own any amount, up to 100%, in projects in most sectors.

The details of joint venture or licensing agreements between Egyptians and their foreign partners are a matter of mutual agreement, defined by their contract, not by special law. Liberalized foreign exchange regulations since 1991 permit the free transfer abroad of profits and dividends, and invested capital may be repatriated without prior approval of the government's investment authority, the General Authority for Investment and Free Zones (GAFI).

Technology licensing that does not involve "investment" in Egypt by the foreigner but that does involve using "process secrets" for manufacturing in Egypt must be approved by the Ministry of Industry's General Organization for Industrialization (GOFI). Approval is not required for licensing agreements involving trademarks and technical know-how other than "process secrets." A stiff withholding tax is levied on royalty payments unless a double taxation treaty exists. (There is a U.S.-Egyptian treaty for the avoidance of double taxation which limits tax on royalty payments to 15% of the gross amount of such royalty.)

Numerous government and private companies have licensing agreements with foreign firms under which royalties and other fees are freely transferred abroad pursuant to individual corporate agreements. Examples of licensed production in Egypt include name-brand clothing, personal care consumer products,

kitchen utensils, pistols, laser alignment equipment, and military vehicles. Service licenses include diving training, and franchised services include personal care and restaurants.

Inadequate patent protection has been the biggest barrier to licensing in Egypt. This hopefully will change with passage of a new patent law, a draft of which has been under debate within the government for several years.

Some U.S. investors have looked to Egypt as an investment site so as to be able to benefit from U.S. Government procurement preferences. Under the U.S. Federal Acquisition Regulations (FAR), Egypt is a designated country (among many others) from which the U.S. Government theoretically could procure certain goods as if they were made in America. However, this rule does not apply because the FAR requires such countries to sign the GATT/WTO Procurement Code and Egypt has not done so.

Organizational Structure & Management in Egypt

Most decision-making in Egypt is top-down and generally made by one person or a small handful of top managers. Delegation typically consists of giving and implementing orders. Nonetheless, many middle managers are effective, educated and intelligent, and do not like to be overlooked. They should not be minimized or underestimated. American visitors/negotiators need to greet middle managers politely and enhance their status in front of their superiors. Such efforts pay off in favorable treatment of paperwork and other work processes, and reduce bureaucratic obfuscation.

Managers of firms in Egypt say they typically spend 30% of their time dealing with Egyptian bureaucracy.

STEPS TO ESTABLISHING AN OFFICE

As in any other country, seek early legal counsel from one or more attorneys and tax counsel from a professional accounting/auditing firm. Lists of such firms are available on the internet from the Commerce Department's STAT-USA.GOV on-line service, in its National Trade Data Bank.

Egypt is a country in which the bureaucracy has flourished since the time of the Pharaohs. A newcomer's biggest and never-ending challenge is to learn, preferably in advance, what laws affect him/her and how to cope with them. Many of the laws reflect Egypt's socialist government of the 1950s-1970s, and, if interpreted literally, do not favor private enterprise. However, newer laws and the policy of today's government favor entrepreneurship and the free market economy. Tension between political desire favoring entrepreneurs and bureaucratic reliance on old laws-on-the-books continues.

There are two alternative legal routes for a foreign company to invest in Egypt: through Law 159 of 1981 or Law 8 of 1997. Companies Law 159 offers generally fewer privileges to foreign investors than Investment Law 8.

SELLING FACTORS/TECHNIQUES

The Egyptians with whom an American will deal in business are typically trilingual (English-French-Arabic), well-traveled individuals who pride themselves on ferreting out good deals at decent prices. Mid-level government officials with whom a foreigner may deal may be less sophisticated and less well-traveled, but no less able to negotiate.

Cairo is the cultural capital of the Arab world. Thousands of affluent Arab tourists and investors travel to Cairo often throughout the year, soaking up the cinema, theater, television, live performances, and relaxed lifestyle not generally available in some other Middle East countries. Many of these persons have second or vacation homes and apartments in Egypt, as well as factories and real estate investments. Foreign suppliers/ marketers are beginning to take advantage of Egypt as a locale from which to market to its audience of wealthy Arab visitors.

Some 16 million of the estimated 63 million Egyptians live in Cairo, the capital. Five million live in Alexandria permanently, and its population increases by 50% in the summer as vacationers flood in. Numerous important secondary cities offer market opportunities for agricultural, industrial, and consumer goods in the Delta (Tanta, Damietta, Mansoura, Mehalla el Kubra, Damanhour, Benha, Zagazig); along the Suez Canal (Port Said, Ismailia, and Suez); and along the Nile south to Upper Egypt (Assiut, Minia, Sohag, Qena, Luxor, Aswan).

Negotiations for a sale, whether with a government agency or a private individual, will be bound by certain unspoken Egyptian cultural requirements. One is that there is no final best price that cannot be reduced further by negotiating. A corollary is that only a fool would offer one's best price, or anything close to it, early in negotiations. Government employees are judged on their ability to squeeze the final penny from the lowest bidder. This happens repeatedly, at every level of decision making. This is the Egyptian version of the "Dutch auction," called in Arabic "momarsa." Momarsas have been popular because they give Egyptian officials the appearance of trying to get the best deal for Egypt, and they reduce charges of cronyism in the award.

Momarsas, however, are viewed by companies subjected to them as potentially unfair, without clear rules or procedures, and a violation of Tenders Law No. 8's mandate to negotiate with the lowest qualified bidder (only). The U.S. Embassy and some business groups, including the President's Council, urged the government to ban momarsas. A recent positive development is that the practice of momarsas has now been prohibited in the new tenders law (Law 8 of 1998), approved in May 8, 1998, and enacted, effective June 9, 1998 (see Pricing Products, later in this chapter).

A marketing problem in Cairo is that it is difficult to find out who offers what for sale, and where to find them. The city is splayed across the Nile about 15 kilometers (9 miles) in diameter, with several distinct marketing districts that are an hour apart in normally heavy traffic. Yellow pages and the like are not available to the average consumer. This means that people may only find a product they want by attending a trade show or fair, as it is too hard to find the single or handful of outlets maintained by official agents, distributors and dealers. A growing number of trade directories and commercial directories (including Kompass - Egypt) have eased the problem of identifying existing companies.

ADVERTISING AND TRADE PROMOTION (INCLUDING LISTS OF MAJOR NEWSPAPERS & BUSINESS JOURNALS)

Strategically placed newspaper and magazine ads can produce good results. Egyptians read newspapers voraciously, and all literate people will see or hear about advertisements placed in the widely circulating Al Ahram daily. Television is watched by all Egyptians, literate or not. TV advertisements reach and influence wide audiences. In Egypt, with the launch of several new TV channels in recent years (all government-owned), TV advertising has become much more sophisticated and influential.

Other forms of advertisement in Egypt consist of roadside billboards, flashing neon signs on building roofs, building walls completely painted with advertising signs, "junk mail" advertisements, faxed advertisements, and messenger/courier-delivered direct mail campaigns. Flyers/stickers plaster Cairo's walls and lampposts just as in America. Street peddlers and hawkers shout the praises and prices of consumer products they offer for sale.

Trade promotion is becoming more sophisticated. True trade shows are frequent, aimed either at targeted business audiences or at the general public; several take place each month at one or more of the downtown hotels, or the Cairo International Conference Center (CICC). Most of these shows consist exclusively of Egyptian distributors/dealers/agents of foreign suppliers, or local manufacturers -- not because they purposely exclude foreigners but because of poor marketing and last-minute preparations. The Commercial Service in Egypt is working with some of the better trade show organizers to offer advance publicity to U.S. firms, help the organizers target Egyptian customers, and provide an opportunity for U.S. technology to be displayed at an Embassy-staffed information stand that includes catalogs of American suppliers relevant to the show's theme.

The annual Cairo International Trade Fair held in the spring is the historical centerpiece of Egyptian trade promotion events. It has evolved from its beginnings as a "required" government annual extravaganza to today's version of a county fair aimed at consumer purchasers. U.S. firms offering consumer products as diverse as office and business equipment, telephone credit cards, courier services, saunas and swimming pools, satellite dishes, educational toys, car care products, lawn furniture, and recreational equipment all do very well at the annual U.S. Pavilion at the fair.

SELECTED MEDIA LIST:

(those of likely interest to U.S. advertisers):

Daily Newspapers

Al Ahram (circulation 1,000,000 Sunday - Thursday, 1,500,000 Friday)

---Egypt's most prestigious daily and most prosperous of the country's five largest publishing houses. In addition to publishing, the company has interests in many business services including computerization, billing services, and ID card services.

Al Akhbar (circulation 900,000)

---more informal news (crime, human interest) than Al Ahram.

Al Gomhouriya (circulation 350,000)

---established by the Government of Egypt, with more local and sports news than other dailies.

Al Wafd (circulation 150,000 - 180,000)

---mouthpiece of the New Wafd Opposition Party.

Egyptian Gazette (circulation 15,000)

---the English-language daily.

Weekly Newspapers/Magazines

Akhbar al Yom newspaper (circulation 1,200,000 - 1 million)

---Saturday edition of Al Akhbar with many special interest sections, particularly women's and sports.

Akher Saa magazine (circulation 50,000)

---current events, sports, economics, history, arts, cinema, theater.

Rose al Youssef (circulation 50,000)

---political magazine with human interest stories.

Al Ahram Weekly (circulation 20,000)

---English-language weekly newspaper summarizing key features originally published in Al Ahram Arabic-edition, as well as original stories.

Al Ahram Hebdo (circulation 15,000)

---French-language weekly

Economic Publications

Al Ahram Al Iktisadi weekly magazine (circulation 30,000)

---Egypt's leading economic magazine, modeled after the British "Economist", is read by academics and government economic officials.

Al Alam Al Yom daily newspaper (circulation 5,000 in Egypt, 50,000 in Saudi Arabia).

---economic, commercial and Arab affairs.

Nosf al Donia weekly magazine (circulation 100,000)

---women's issues.

Hawaa weekly magazine (circulation 50,000)

---Egypt's original women's magazine, first published in 1892.

Al Kawakeb (circulation 30,000)

---Egypt's cultural magazine, specializing in cinema, theater, radio and television.

Business Monthly (circulation 5,400)

---Published by American Chamber of Commerce in Egypt.

Egypt Today and Business Today (circulation 17,000)

---Glossy magazines related to social/business life in Egypt published by International Business Associates.

Middle East Times (circulation 4,400)

---English language weekly, part of the Washington Times group, Cyprus and printed in Athens.

Cairo Times (circulation 10,000)

---A bi-weekly English language paper that carries primarily features and has a large business section.

PC World Egypt

---A monthly English language publication launched in 1998 that focuses on business computing.

PRICING PRODUCTS

Egypt traditionally is a price-sensitive market, where quality often takes second place to cost. This is slowly changing. One important example of that change is a new tender law (Law 89 of 1998) which requires compliance with terms, conditions and specifications of the tender, as well as a comparative consideration of technical and financial aspects in arriving at an award decision. Prior to the new law, however, government tender rules had essentially required that the low bid win, regardless of quality. American firms sometimes had not understood this and would mistakenly quote "better value" than was required by tender specifications. This was ineffective and generally produced losing bids. Many companies would bid strictly to the specifications, then, as an alternative, would provide a second, optional value-based bid.

In the tender process, specifications are often unclear and poorly written, which allows for a wide divergence in interpretation by bidders as to just what the tender requires.

Elaborate bid proposals often fail, passed over for cheaper, practical alternatives. U.S. firms that succeed in Egypt tailor their products to customers' specific needs.

Exceptions to the generalization that price sells are sales financed by USAID and other foreign/international donors such as the African Development Bank. Since funds are provided by these donors, Egyptian decision-makers can afford (and the foreign donors often require) quality, efficiency, and endurance considerations to play heavily in buying decisions. Another exception is consumer goods; people will pay for quality if they perceive it. However, the same affluent Egyptians who may buy a Mercedes car will tend to outfit their new factories with used equipment if they can transplant cheaply a "complete" factory from abroad.

Another pricing issue that causes some U.S. firms to fail in Egypt is that some U.S. suppliers may inflate their prices when quoting to USAID-financed projects, since they know such projects are restricted to U.S. firms. Egyptians who get cheaper quotes for the same products on non-USAID related projects network with one another and will refuse to deal with such suppliers.

SALES SERVICE/CUSTOMER SUPPORT

U.S. sellers should aim to create and support a sales/service network in Egypt by training their distributors and dealers. Firms that sell directly to government agencies need to do the same thing -- ensure training of the work-force using the product or it will fail through ignorance of proper maintenance and the foreign supplier will be blamed for poor quality. Total Quality Management (TQM) interest has skyrocketed among producers in recent years with a number of them now working toward ISO 9000 certification.

SELLING TO THE EGYPTIAN GOVERNMENT

In selling to the Egyptian government, one will of course deal directly with the client agency. Egyptian procurement is either done with national budgetary funds, or by using aid funds from USAID or other donors.

In the case of USAID-funded procurement, project announcements are made in the U.S. "Commerce Business Daily," published in Chicago. This journal publishes U.S. Government procurement needs, and is available in hard copy for \$324 per year from the Superintendent of Documents, Government Printing Office, Washington, DC 20402-9371, phone (202) 783-3238, fax (202) 512-2233, or on line from Mead Data Central, Arlington, VA, phone (800) 843-6476.

Other donor-funded projects open to U.S. bidders are from the Government of Japan's United Overseas Development Assistance (ODA), or multilateral assistance from entities such as the World Bank, African Development Bank, or Arab and Islamic development funds. The new Bank for Economic Cooperation and Development in the Middle East and North Africa (MENABank), is scheduled to open in Cairo, possibly in 1998, and could be another funding source.

The following pertains to contracting directly with the Egyptian government. It is also relevant for donor-financed projects to the extent that Egyptian law applies to them.

Tenders Law

The Tenders Law No. 89/1998 now governs Egyptian government procurement by all civilian and military agencies (ministries, departments, local government units, and public and general organizations) unless they are excused from this law. It has replaced the former Law 9 of 1983.

Law 9 required that all foreign bidders on public sector tenders submit bids through an Egyptian commercial agent, except in the case of Ministry of Defense tenders for which commercial agents are prohibited. ("Consultants" may, however, be used in connection with military bids.) This means that tender documents generally can be purchased from issuing government offices only by the commercial agent. U.S. firms usually cannot get the documents by writing directly to the government agency or through the U.S. Embassy.

Public sector entities routinely request credit terms in their tenders for capital equipment. Typical payment guidelines for tenders worth more than \$62,000 are 10% paid at contract signing, 10% against shipping documents, and the rest paid in semi-annual installments over two to five years.

Egypt's tender regulations are written by the government, for the government's benefit. Obligations and responsibilities of suppliers are spelled out in excruciating detail, but there are fewer explicit requirements placed on the government client agency. A contractor/supplier's safeguards, therefore, must be negotiated before contract signing, particularly in defining force majeure, "final acceptance," drawdown of the performance bond, and dispute resolution.

What the Tenders Law says:

Law 89 of 1998 has been promulgated and enacted. Business sources have reacted positively to the new tenders law which clearly tends to overcome some of the inefficiencies of the former Tenders Law 9/1993. This improvement is evident mainly in these areas:

- (1) No negotiation of bids after bid opening (Dutch Auction, or momarsa, in the Arabic). It will not be allowed to transfer a tender into a momarsa.
- (2) No cancellation of order without reason. Moreover, rejected bids and awarded bids will contain reasons on which decision was based.
- (3) Bid bond will now be refunded immediately upon expiry of validity of tender.

The new law has not changed the following features:

- (A) open competition with publication for at least 30 days;
- (B) 15% price preference for Egyptian bidders;
- (C) a two-phase decision-making process: a bid opening committee that convenes a public session to which all bidders are invited and bid prices are read aloud; and a decision-making (settlement) committee that reviews the technical bids and either makes a decision or (if the value is over \$62,000) recommends a decision to the minister concerned;
- (D) bid bonds of one or two (generally two)%, and a performance bond by the winning firm of (generally) five %. Favoritism is shown to Egyptian public sector companies and Egyptian cooperatives, both of which are exempted from the bonding requirements, provided they do the work themselves and do not request an advance payment;
- (E) fraud, bribery ("either personally or through a third party, directly or indirectly"), or bankruptcy by the contracting party annuls the contract and allows any outstanding bid or performance bond to be confiscated;
- (F) sole-source decisions are permitted in special instances: monopoly sources of supply, goods whose import is monopolized, specialized products or services, and goods and services needed urgently;
- (G) advance payments are permitted, against a letter of guarantee. U.S. standby letters of credit (which can be insured for political risk by the U.S. Overseas Private Investment Corp.) are acceptable in Egypt.

Law 106 of 1976 requires that insurance be provided to meet the decennial liability of the civil code.

Practical Problems of the Tenders Law:

There is no time limit for the decision-making committees to meet, make, or announce their decision. If a bidder withdraws its bid prior to bid opening, it forfeits the bid bond. Bidders often are "held hostage" to a government agency that stalls the bid opening for varied reasons, including running out of funds for the project. Costs of extending bid bonds are borne by the bidders. If a winning firm withdraws from a project before beginning or completing a project, its performance bond similarly will be confiscated. This has happened when a client has delayed start-up because of budget shortfalls, expecting the contractor/supplier to carry the burden of maintaining the performance bond.

Government agencies often delay giving the "final acceptance" of goods or works projects. This holds up final payment and final retirement of the performance bond. There are no time limits for making payment from the date of acceptance of a bid, nor any provision for implied or automatic acceptance of a supplied good or service. The client must explicitly acknowledge final acceptance before the contractor can receive final payment, retire the performance bond, and close its books.

If award decisions are delayed beyond the validity date specified by a bidder, extra costs incurred by the delay cannot routinely be passed on. If the client adds new requirements to an ongoing contract, any extra monies requested by the supplier/contractor must be endorsed by a special "price study committee" which sometimes takes years to approve them. In the meantime, of course, the supplier/contractor is expected to fulfill the revised contract without delay or complaint.

The Tenders Law makes no reference to dispute resolution, which therefore must be negotiated prior to contract signing. Arbitration in Egypt or abroad (the latter can include foreign law and foreign arbitral procedures) is preferred to the court system, although enforcement of arbitral awards is not assured because the losing party can appeal Egyptian or foreign arbitral decisions in Egyptian courts. If no specific dispute settlement procedure is mentioned, any future dispute with a government party will go to the government's Council of State, a government agency that both reviews the constitutionality of proposed laws and regulations and functions as a court for all non-criminal matters in which the government is a party. If the government party does not honor an arbitration decision, the tenders law does not permit the winning party to use the arbitration settlement documents to settle claims with other government entities (customs, tax, social insurance, etc.).

There is no provision allowing the supplier to delay work if payments are delayed. There is no provision to reduce the performance bond progressively according to the rate of completion of the work.

For Letters of Credit/Guarantee offered as a performance bond, it is advisable to have separate L/Cs for each procured commodity or distinct order, to avoid blocking the whole in case of dispute over one item.

The Tenders Law has increased the ceiling on direct orders to reach LE 50,000 (approximately \$14,700).

In the Tenders Law, tenders and bids are not to be transformed into Dutch auctions unless otherwise explicitly mentioned in the tender advertisement. Maintenance and after-sales technical service is to be given significant consideration in deciding and evaluating offers. The job is to be given to the lowest bidder only if the requirements for technical and maintenance support are fulfilled.

The amendments to Dispute Settlement Law 27 of 1994 regarding contracts between public enterprises and private (domestic and international) sector suppliers allow both parties to agree to appoint any accepted legal body. In the past, the only body overseeing disputes with public enterprises was the State Council, which was taking years, in some cases, to settle disputes. Parliament approved these amendments in May 1997.

The new laws correct some of the most serious flaws in Egypt's current government procurement procedures, and will no doubt be welcomed by suppliers when implemented. Egypt is also now playing a positive role in international discussions of procurement practices, including in the World Trade Organization.

Other Practical Considerations in Selling to the Government:

Poorly written specifications make bidders have to guess what the customer wants. U.S. firms must stay in close touch with client agencies to minimize doubts and uncertainties. Do not assume the "best" is desired, since its superior features may not be understood or its price may be too high. The law is silent about who writes tender specifications and neither encourages nor discourages hiring of consultants to do so. Foreign firms that are trusted by government officials often voluntarily propose tender specifications to prospective tenderers, which gives them a chance to wire the specifications. In the decision-making committee, the technical representative (typically an engineer) must concur in the award decision. Such persons carry much influence.

Government entities expect performance bonds to cover the full warranty period for the product or work in question, and drawdowns proportional to work completed are not usual. U.S. suppliers, by contrast, generally want their warranty limited to safe delivery and/or set-up. Therein lies grounds for much misunderstanding and complaints over alleged delays in releasing performance bonds.

Influence peddling in procurement decisions is a much-discussed phenomenon. What is certain is that decision-makers must feel comfortable with a supplier. They will not select a low-bidder unknown to them. Personal friendships and frequent visits to decision-makers by foreign principals and their local representatives are important marketing factors. Some sweetheart deals are known to take place. However, many Egyptian sources affirm that most decisions are openly competitive and straight-forward. While the decision-making process per se may be opaque, it is also porous in the sense that details of all bids are readily obtainable through back channels and become known quickly to all concerned.

DEFENSE TRADE

Defense and "Defense Conversion"

U.S. military aid finances most of Egypt's big-ticket defense procurements - \$1.3 billion annually for several years. Large projects underway include the M1A1 Abrams tank manufacturing facility, M88A2 coproduction program, IFF, the HAWK rebuild program, and Peace Vector V. Such projects can be expected to continue, although improvements to and maintenance of existing force capabilities are perhaps more likely targets of future spending than entirely new systems.

Military production plants are not scheduled for privatization and are unlikely to be sold. Twenty-six of these plants produce both military and civilian goods, and many managers of these plants are interested in licensing arrangements with foreign firms to enhance their production mix and improve quality.

The M1A1 Tank Factory (Military Factory 200) outside Cairo is one of the largest military manufacturing facilities in this part of the world. Its American-trained Egyptian workforce is highly skilled and has access to state-of-the-art production and maintenance machinery. Since the foreseen production run of M1A1 tanks will end in 1998, Egyptian authorities are interested in attracting large-scale medium and heavy industrial producers to produce other products at this excellent facility either under license or in joint venture.

Examples of civilian products currently manufactured at 26 of Egypt's military factories include: medical and diagnostic equipment; domestic appliances; fire extinguishers; ammunition; machine shop equipment such as lathes, drills, and grinders; generating and welding sets; electric motors; television receivers; computers; batteries; electric and water meters; agricultural machines; kitchen equipment; mobile water purifiers; circuit boards; calibration equipment; Chrysler Jeep-brand vehicles; laser alignment instruments; and microscopes.

Military goods produced in Egypt include: small caliber and heavy ammunition, mortars, mines, grenades and other explosives, antitank rockets, rocket motors, radars and electronic equipment, smoke and pyrotechnic devices, rifles, pistols (Beretta licensee) and machine guns, jet trainer aircraft (Alpha and Tucano), armored personnel carriers, Alpha jet engines, field and aircraft communications equipment, Gazelle helicopters and engines, gyroscopes, weapon sights, binoculars, periscopes, tanks, MLRs, and artillery pieces.

Three entities are responsible for military production plants: the Ministry of Military Production (5 Ismail Abaza Street, Cairo, Phone 355-3063, Fax: 355-3617) which supervises 20 factories of which 14 also produce civilian goods; the Arab Organization for Industrialization (AOI) (P.O. Box 770, Cairo, Egypt, Phone 282-2087, Fax 826-010) whose nine factories produce civilian and military goods; and the National Service Projects Organization (NSPO) (10 Mahmoud Talaat St., Nasr City, Cairo, Egypt, Phone 600-236, 601-684, Fax 604-203) which operates three production companies. In late 1994, AOI became a wholly Egyptian Government owned entity when the governments of Saudi Arabia, Qatar, and the United Arab Emirates withdrew from the joint venture.

Defense Opportunities:

The Egyptian Armed Forces will continue to operate and maintain the U.S. weapons systems currently in their force structure for the foreseeable future. This means the Egyptian Services will have procurement interests in the following categories over the next few years:

Egyptian Land Forces: spare parts and major assembly support for M1A1 tanks, M60 series tanks, M113 series APCs, M109A2 SP artillery pieces, M88 recovery vehicles, TOW, TPQ-37 radars, and numerous tactical wheeled vehicles. Additional procurement of command and control equipment, light wheeled vehicles, MLRS, and M1A1 tanks, as well as a second National Training Center and computerized war-gaming center.

Egyptian Air Force: ongoing technical support, maintenance support and spare parts for C130's, F4's, F16's, E2's, CH47's, Falcon Business Jets, Apaches, and Black Hawks. There are construction projects for air base infrastructure for the Egyptian Air Forces. They will probably also require control tower equipment and aircraft simulator support.

Egyptian Air Defense: technical and maintenance support for TPS 63 and other air defense radars. Technical and maintenance support for HAWK, Chaparral and Sparrow Air Defense Systems, and the Avenger Air Defense System. Procurement of additional 2D and 3D radars and Avenger.

Egyptian Navy: spare parts and technical support for coastal minehunters and U.S.-equipped ROMEO-C Submarines.

Non-service-specific: spare parts for engineering equipment and tools and test equipment for upgrading depot support of all the U.S. systems listed above. Integrated IFF system for all Egyptian Armed Forces. Ministry of Defense/Egyptian Air Forces hospital and nursing school.

The Egyptian Armed Forces are currently trying to complete their replacement of East European and ex-Soviet equipment with modern Western systems. Based on these requirements plus Egyptian inquiries for information, the Egyptian Government is probably considering the purchase of the following new systems: modern anti-tank weapons systems, Avenger, air defense radars, frequency hopping radios, diesel submarines, medium (300 ton) missile attack craft, and night vision equipment of all types.

Although the Egyptian Armed Forces tightly control information about their various five-year defense plans, it is very likely that they will be interested in the purchase of the following equipment to complete the modernization of their armed forces (this is in addition to the new platforms discussed above):

- Additional HAWK or other mid-range air defense systems.
- Additional air defense radars.
- RPV systems.
- Additional scout vehicles (HMMWV or similar vehicles).
- Armored personnel carriers.
- Engineering equipment.
- GPS equipment.
- Modern NVG equipment of all types.
- Short range air defense systems.

MILES and other training equipment for establishing a National Training Center.
Improvements/upgrades to Egyptian Air Defense Command and Control Systems.
Improvements/upgrades to strategic communications networks.

- Additional cargo aircraft to support unit deployments.

Ministry of Defense/Egyptian Air Forces hospital/nursing school.

- HMMWV Co-production program.
- M88A2 Recovery Vehicle Co-production program.

- Tank Transporter Co-production program.
- Coastal Defense Systems.
- MLRS
- Patriot
- Blackhawk Helicopters.

U.S. Government-financed procurement through the Foreign Military Sales (FMS) program in Egypt is published in Commerce Business Daily, available by subscription from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402-9371, phone 202-783-3238, fax 202-512-2233 and on-line from Mead Data Central, Arlington, VA, phone 800-843-6476.

Information on non-FMS, i.e. commercial sales, to the Egyptian military that are funded by U.S. military aid may be obtained in the United States from the Egyptian Office of Military Procurement, Embassy of the Arab Republic of Egypt, 5500 16th St. N.W., Washington, DC 20011-6823.

The American Embassy's Office of Military Cooperation helps U.S. firms arrange meetings with Egyptian military offices in Cairo to understand Egyptian purchasing requirements, both under FMS and commercial contracts. This office's Defense Industrial Coordinator is Lt. Col. Jeffrey L. Long, available at tel: 20-2-357-2850.

PROTECTING YOUR PRODUCT FROM INTELLECTUAL PROPERTY RIGHTS (IPR) INFRINGEMENT (see Chapter VII).

FINANCING U.S. AGRICULTURAL EXPORT SALES

USDA/FAS operates the GSM-102 Export Credit Guarantee Program for Egyptian private sector importers of U.S. food and agricultural commodities. In FY 1999, the program for Egypt provides \$100 million of short-term financing (one to three years) for importers of wheat, corn, soybeans, soybean meal, vegetable oil and dairy products among other commodities. There is also a small program that provides a longer term credits, GSM-103 (3 to 7 years) to finance the exports of U.S. dairy cattle to Egypt. Through the GSM programs, U.S. banks provide financing to Egyptian banks on commercial terms, but the USDA's Commodity Credit Corporation serves as the guarantor of the transaction by insuring up to 98% of the principal and a portion of the interest for the credit extended.

Bank participating in the GSM programs are:

American Express Bank, Ltd. - Egypt Branch

Banque du Caire Barclays Int'l S.A.E.

Banque du Caire et de Paris

Citibank, Egypt Branch

Commercial International Bank

Egyptian American Bank

Export Development Bank of Egypt

Misr American International Bank

Misr Exterior Bank

Misr International Bank

Misr Iran Development Bank

National Societe Generale Bank

Scotia Bank

Suez Canal Bank

SELLING THROUGH USAID PROGRAMS

Background and Overview of USAID in Egypt

The United States Agency for International Development (USAID), began its program in Egypt in 1974 during a period when Egypt was facing extreme economic and political challenges. The economy was at a standstill; much of its physical infrastructure had deteriorated; technical and scientific ties and relationships with the West had broken down; agriculture productivity was low; and basic health and welfare services were poor. A few years later in 1979, following the Camp David Accords and recognizing Egypt's moderating role in the Middle East, Egypt became one of the United States' largest economic assistance program partners in the world. Since then, the United States Congress has provided on average \$815 million annually for this important program aimed at enhancing stability, democracy and prosperity in Egypt and the region. More than \$22 billion in economic assistance has been provided to date, enhancing the quality of life for many Egyptians and helping build a stronger, market-oriented economy.

Early assistance focused on the immediate needs of the economy, including clearing, repairing and reopening the Suez Canal to restore to Egypt and the world this important trade artery. Egypt's infrastructure also claimed early attention. Expanded electric power, water and wastewater, grain storage, telecommunications and port facilities became targets of assistance. Professional and institutional ties between Egypt and the United States were rebuilt. By the end of the 1970s, USAID had broadened its assistance to give greater attention to agriculture, health and basic education, addressing quality of life problems facing Egypt's people, particularly those in the rural areas, and promoting local development. USAID also began helping Egypt rebuild its industrial and commercial base through U.S. imports of commodities, equipment and intermediate goods. Working with the Egyptian government on structural adjustment and policy reforms opened up a greater role for the private sector and touched many enterprises both great and small. Whether the immediate target was regulatory changes and privatization or greater access to credit by small and micro entrepreneurs, the bottom line has been to facilitate market entry and increase the number of productive jobs.

Some results of these investments include dependable electricity, clean water, significantly improved health care, more schools, reliable telecommunications, improved village infrastructure and services, new technologies building a more efficient and diversified agriculture base, and expanded farmer access to credit, seeds and fertilizer. The portfolio of activities has shifted and grown, responding to Egypt's changing development needs based on the mutual goal of increasing both economic growth and the quality of life of Egypt's people.

To deal more effectively with problems hindering rapid and sustainable economic growth, Vice President Gore and Egypt's President Mubarak launched the U.S.-Egyptian Partnership for Economic Growth and Development in September 1994 which broadens and deepens the economic relationship between our two countries and enhances linkages between the U.S. and Egyptian private sectors. USAID plays an important role in the network that supports the Partnership and receives valuable impetus from the Partnership for key USAID program objectives, such as the promotion of private sector-led, export-oriented economic growth.

Procurement Opportunities

There are two main sources of information about procurement opportunities related to USAID programs in Egypt:

- Commerce Business Daily, a U.S. Department of Commerce publication in which all USAID direct and USAID-financed Egyptian Government procurement is advertised;
- USAID's on-line website (WWW.INFO.USAID.GOV). This on-line service also has background on the AID program and its relevance to U.S. interests at home and abroad.

A third on-line site (WWW.INFO.USAID.GOV/WELCOME/CTIS/CTIS.HTML) offers information from the USAID Center for Trade and Investment Services (CTIS), which works through World Trade Centers and other private and public organizations to provide information about USAID to U.S. companies. To help U.S. firms sell through USAID programs, USAID has outreach offices in three cities: Chicago (tel: 312-467-0500, fax: 312-467-0615), Portland, OR (tel: 503-229-6734, fax: 503-229-6113), and Long Beach, CA (tel: 310-980-4566, fax: 310-980-4561).

Most commodity procurement is done under subcontract or by Egyptian Government arrangements, rather than directly by USAID.

Commodity Import Program (CIP)

USAID/Egypt sponsors the Private Sector Commodity Import Program (CIP) that makes dollars available to Egyptian private sector importers through some 22 Egyptian banks. The program provides attractive financing whereby the importers pay for the dollars in Egyptian pounds after an interest-free grace period. Imports are financed through the issuance of commercial letters of credit, and the transactions generally follow normal commercial practice. Eligible commodities under the program include most non-luxury, non-consumer items that are not related to military or police activities. U.S. exporters may consult with Egyptian customers to see if CIP funds are available. The current annual level of funding for this program is \$200 million.

Mailing Address from the U.S.:
Commodity Import Program
Office of Commodity Management and Trade

USAID Unit 64902; APO AE 09839-4902

Physical Address:
Zahraa El Maadi, Maadi, Cairo
Tel (20-2) 516-5505 Ext. 2143, Fax: (20-2) 516-4652

USAID Alexandria
36 Beny El Abbas Street, behind National Security
Tel/Fax (20-3) 482-8458/9301

Ministry of Economy and International Cooperation
Department of Economic Cooperation with USA
48-50 Abdel Khalek Sarwat, Cairo
Tel (20-2) 390-5100/5125; Fax 393-8187

Information Given to Egyptian Buyers as to How the Private Sector CIP program works:

- Apply for a credit facility at any Egyptian participating bank.
- Fulfill all the bank requirements.

- Get quotations from a reasonable number of US suppliers, or one offer can be submitted if you are an agent, representative or distributor for the supplier, and fill the transaction form.
- After the approval of your credit facilities by your participating bank, your transaction form and related documents are sent to USAID/Cairo to be reviewed and approved.
- Once assured that all requirements have been fulfilled, USAID/Cairo sends a No Objection Letter to your bank, usually within 48 hours.
- A letter of credit is opened by your bank and advised by the US correspondent bank to the US supplier.
- The interest-free grace period starts from the date the payment is made to the US supplier.
- The exchange rate is fixed at the time the letter of credit is opened.
- You can qualify for a maximum limit of \$15 million per year, according to the type of transaction.

PARTICIPATING EGYPTIAN BANKS:

American Express Bank
 Arab African International Bank
 Arab Bank PLC
 Bank of Alexandria
 Bank of Commerce and development
 Banque du Caire
 Banque du Caire Barclays International
 Bank Misr
 Commercial International Bank
 Delta International Bank
 Egypt Arab African Bank
 Egyptian American Bank
 Egyptian Commercial Bank
 Export Development Bank
 Egyptian Gulf Bank
 Misr America International Bank
 Misr Exterior Bank
 Misr International Bank
 Misr Iran Development Bank
 National Bank for Development
 National Bank of Abu Dhabi
 National Bank of Egypt

CHAPTER V. LEADING SECTORS FOR U.S. EXPORTS & INVESTMENT

FY 2000 BEST PROSPECTS LISTING FOR U.S. EXPORTS: (IN RANK ORDER)

MED	Medical Equipment
PCK	Packaging Equipment
OGM	Oil and Gas Field Machinery
APS	Automotive Parts and Maintenance Equipment
CON	Construction Equipment & Building Materials

CPT	Computers and Peripherals
PAP	Paper and Paperboard
AGE	Agricultural Equipment
TEL	Telecommunications Equipment & Services
ENV	Environmental Equipment & Services
FRA	Franchising
EPS	Electrical Power Systems
PMR	Plastic Materials and Resins
FPP	Food Processing Equipment
AGE	Architectural, Construction & Engineering Services

FY 2000 BEST PROSPECTS LISTING FOR U.S. EXPORTS:
(IN RANK ORDER)

(Exchange Rate: 1996/\$1=LE 3.4; 1997/\$1=LE 3.4; 1998/\$1=LE 3.4)
(All figures are in millions of dollars and are estimates)

Rank: 1
Name of Sector: Medical Equipment
ITA or PS&D: MED

	1997	1998	1999
A. Total Market Size	175	390	650
B. Total Local Production 15	18	24	
C. Total Exports	0	0	0
D. Total Imports	160	372	626
E. Total Imports from U.S 82	103	145	

Comment:

There is little medical equipment manufactured in Egypt and total expenditures for such equipment are still small for a country of 60 million. The use of sophisticated medical equipment, however, is growing. The GOE has an ambitious plan to upgrade more than 60 general hospitals, clinics, and laboratories in rural areas in addition to building ten new hospitals in the coming two years.

The most promising subsectors include dialysis equipment, lasers, laboratory equipment, and ICU monitoring equipment.

Rank: 2
Name of Sector: Packaging Equipment
ITA or PS&D Code: PCK

	1997	1998	1999
A. Total Market Size	462	577	721
B. Total Local Production 139	173	216	
C. Total Exports	0	17	21
D. Total Imports	323	560	700
E. Total Imports from U.S.	16	20	25

Comment:

The packaging industry in Egypt is linked to the rapidly growing food processing, pharmaceutical, and chemical manufacturing industries. The packaging market is expected to reach \$721 million in 1999, with an expected annual growth of 25% for the next three years. Approximately 30% of Egypt's packaging equipment is manufactured locally, while the remainder is imported, mainly from Italy, China, and Germany. The U.S. has a small share of 5%, but there is substantial opportunity for greater market penetration.

The food processing industry purchases 60% of the packaging equipment, while the pharmaceutical and chemical industries account for the balance. The packaging industry is developing rapidly due to recent legislation that has made packaging required for many industries. The law is expected to affect all industries and products by the year 2000.

Best subsectors include corrugated carton making machinery (\$135 million), semi-automatic vertical and horizontal packaging equipment (\$53 million), and filling machinery for edible oil and mineral water bottles (\$15 million).

Rank: 3

Name of Sector: Oil and Gas Field Machinery

ITA or PS&D Code: OGM

	1997	1998	1999
A. Total Market Size	642	772	926
B. Total Local Production	120	144	
C. Total Exports	0	0	0
D. Total Imports	542	650	780
E. Total Imports from U.S.	162	195	236

Future growth in the oil and gas field machinery sector lies in new offshore gas exploration projects and equipment for both new and existing refineries and petrochemical plants. Several billion dollars will be invested in this sector in the medium- to long-term, mainly by the private sector.

Most oil and gas field machinery used in Egypt is imported. Only plastic pipes, iron, steel sheets, and metal pipes are produced locally.

The Ministry of Petroleum, through its quasi-governmental company, Egyptian General Petroleum Corporation (EGPC), has invested several million dollars in the following projects: a hydro-cracker project; the Middle East Oil Refinery (MIDOR), now under construction; and private companies that produce ethylene, polyethylene, lubricant, and oil additives. The Ministry has approved the construction of a new \$1.2 billion petrochemical refinery in the Suez area. The government is expected to issue tenders to equip this refinery in 2000.

Total petroleum projects are expected to exceed \$2.9 billion.

Machinery with greatest sales potential in Egypt includes centrifugal pumps and compressors, power generators, gas turbines, and equipment that allows motor vehicles to run on both natural gas and gasoline.

Rank: 4

Name of Sector: Automotive Parts and Maintenance Equipment

ITA or PS&D Code: APS

1997	1998	1999
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A. Total Market Size	224	269	323
B. Total Local Production	23	30	35
C. Total Exports	0	0	0
D. Total Imports	201	239	288
E. Total Imports from U.S.	45	54	65

Comment:

The number of registered vehicles in Egypt, including passenger cars, trucks, buses, and motorcycles, is expected to exceed 4.7 million in 1999. The increase in vehicles has resulted in an increased demand for automotive service centers with modern equipment. The high cost of new vehicles places a premium on the need for after-sales service.

Automobile users prefer to use authentic parts. The main suppliers of automotive parts and maintenance equipment are the U.S., Germany, Italy, and East Asian countries.

Rank: 5

Name of Sector: Construction Equipment & Building Materials

ITA Code: CON

	1997	1998	1999
A. Total Market Size	850	1,040	1,200
B. Total Local Production	85	95	114
C. Total Exports	25	30	36
D. Total Imports	780	965	1,158
E. Total Imports from U.S.	110	357	428

Comment:

The construction industry is one of the fastest-growing sectors of the Egyptian economy, with an average growth rate of 20-22% annually. Much of this growth is fueled by an increasing demand for housing. Private sector construction of tourist resorts on the Red Sea, the Sinai, and the North (Mediterranean) coasts has also contributed to the demand for construction materials and equipment.

New industrial zones and outlying residential areas, such as Al-Shorouk, Al-Obour, and 6th of October City, located 17 miles from downtown Cairo, are expected to grow by 22% each year. A large land reclamation project in the New Valley and new airport construction along the Red Sea are expected to provide opportunities for U.S. suppliers of construction equipment and building materials. The main foreign competitors in this sector are France, Germany, and Spain.

The demand for earthmoving equipment, in particular, continues to be strong. In 1998, \$203 million in earthmoving equipment was imported to Egypt, including \$121 million of new and \$81 million of used equipment. These figures are expected to grow by at least 40% annually over the next five years as Egypt begins work on several large projects that depend heavily on earthmoving equipment. U.S. suppliers dominate the market for earthmoving equipment with a 65% market share.

Rank: 6

Name of Sector: Computers and Peripherals

ITA or PS&D Code: CPT

	1997	1998	1999
A. Total Market Size	219	274	328
B. Total Local Production	0	0	0

C. Total Exports	0	0	0
D. Total Imports	219	274	328
E. Total Imports from U.S.	87	104	124

Comment:

The computer market has experienced strong growth in recent years and will continue to expand. Egypt is the fastest-growing Internet user in the Arab World. Demand for computers and peripherals is expected to increase as more people become aware of commercial and personal uses for the Internet and e-mail. The current Five-Year Plan (1998-2002) estimates that equipping primary/secondary schools and universities/higher education institutions will cost \$4.6 billion and \$1.7 billion, respectively.

U.S. computers and peripherals are regarded highly in Egypt.

Rank: 7

Name of Sector: Paper and Paperboard

ITA or PS&D Code: PAP

	1997	1998	1999
Total Market Size	644	746	850
Total Local Production	131	149	170
Total Exports	2	2	3
Total Imports	515	599	683
Total Imports from U.S.	52	60	68

Comment:

Egypt imports all of its pulp and 80% of its paper. The paper and paperboard market for 1999 is estimated at \$850 million, with an expected annual growth of 14% for the coming three years. Pulp is imported mainly from the U.S. and Russia; paper and paperboard are imported mainly from Indonesia, the U.S., Sweden, and Canada. The U.S. share of the paper and paperboard market is 8%.

The paper industry in Egypt is largely in the hands of the public sector; however, there is an increasing number of newly established private sector entities, especially in the paper-converting field.

In 1998, the U.S. dominated the market of pulp and kraftliner board with few competitors due to its high quality products. The market for all other paper and paperboard products in 1998 was dominated by inexpensive imports from Indonesia, a temporary situation caused by the Asian economic crisis. The market returned to normal in 1999 with the return of traditional suppliers of paper and paperboard products.

Best subsectors include white wood free writing paper (\$158 million) and testliner board (\$52 million).

Rank: 8

Name of Sector: Agricultural Equipment

ITA or PS&D Code: AGE

	1997	1998	1999
A. Total Market Size	385	475	543
B. Total Local Production	90	90	100
C. Total Exports	25	15	17
D. Total Imports	300	400	460

E. Total Imports from U.S.	15	25	28
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Comment:

Extensive government-led land reclamation projects and private sector involvement in agricultural development and agribusiness have increased the demand for sophisticated agricultural equipment. Three factors have influenced the growth in this market: active liberalization efforts in agricultural policies, the New Valley land reclamation project, and the opening of El-Salam Canal that irrigates the eastern coast of Egypt. As a result of these policies and projects, the market for agricultural machinery is expected to expand.

Rank: 9

Name of Sector: Telecommunications Equipment & Services

ITA or PS&D Code: TEL

	1997	1998	1999
A. Total Market Size	935	1,028	1,130
B. Total Local Production	165	182	199
C. Total Exports	79	88	97
D. Total Imports	770	847	931
E. Total Imports from U.S.	666	733	806

Telecom Egypt, Egypt's state telecommunications company, plans to add one million telephone lines each year until 2002. This project is expected to cost \$1 billion annually and will be self-financed by Telecom Egypt and the National Bank of Egypt.

The U.S. Agency for International Development will finance the supply and construction of additional telephone lines, cables, switches, and network operation centers by 2001 at a cost of \$300 million.

Two private sector companies will maintain and provide all services for the country's GSM 900 cellular telephone system and are expected to increase the existing 420,000 lines to 2 million lines in the coming two years, and up to 5 million lines within the next ten years. This indicates a significant demand for GSM cellular telephones and related equipment.

Telecommunications equipment with best sales potential in Egypt includes wireless equipment, telephone switches, fiber-optic cable, copper cable, satellite communications equipment, pagers, caller identification equipment, and antennas. The telecommunications equipment and services sector is expected to grow 10% annually in the next three years.

Rank: 10

Name of Sector: Environmental Equipment & Services

ITA or PS&D Code: ENV

	1997	1998	1999
A. Total Market Size	779	856	941
B. Total Local Production	75	82	90
C. Total Exports	0	0	0
D. Total Imports	704	774	851
E. Total Imports from U.S.	281	310	341

Egyptian companies were given until February 1998 to comply with the Environmental Law of 1994. After an additional grace period expired in December 1998, the Ministry of Environmental Affairs began to levy fines, both financial and operational, against companies not in compliance with the Law.

The Government has allocated \$2.6 billion to implement its environmental plan through the year 2007. The plan is expected to be implemented in two stages: the first stage will include Cairo, Alexandria, Aswan, the southern portion of the Sinai Peninsula, and Luxor governorates; the second stage will cover the rest of Egypt.

Environmental equipment and services with best sales prospects in Egypt include incinerators, industrial filters, recycling plants, solid waste management, and conversion kits that allow motor vehicles to use natural gas. The growth rate for the environmental equipment and services sector is expected to be 10% for the next three years.

Rank: 11

Name of Sector: Franchising

ITA or PS&D Code: FRA

	1997	1998	1999
A. Total Market Size	536	565	593
B. Sales by Local Firms	247	260	273
C. Foreign Sales by Local Firms	57	60	63
D. Sales by Foreign-Owned Firms	31	33	35
E. Sales by U.S.-Owned Firms	258	272	285

Comment:

Franchising is spreading quickly in Egypt, especially in the fast-food sector, where thirty-three U.S. and seven non-U.S. chains are operating.

Non-food franchises are still largely unexplored. A small number of U.S. companies have Egyptian franchises in the following areas: car rental, education, health and fitness, do-it-yourself stores, electronics, clothes, and cosmetics.

Rank: 12

Name of Sector: Electrical Power Systems

ITA or PS&D: ELP

	1997	1998	1999
A. Total Market Size	730	912	1,140
B. Total Local Production 35	50	80	
C. Total Exports	0	0	0
D. Total Imports	695	862	1,060
E. Total Imports from U.S.	460	530	742

Comment:

There is little manufacturing of electrical power systems in Egypt. The Egyptian Electricity Authority (EEA) is expected to spend \$4.5 billion over the next six years to upgrade the country's power generation system. Upcoming investment opportunities include several BOT/BOOT conventional energy power plants as well as wind-powered systems. Projects for regional inter-connectivity of power grids also offer opportunities for U.S. firms.

The most promising subsectors include turbine generators, power converters, and transformers.

Rank: 13

Name of Sector: Plastic Materials and Resins

ITA or PS&D Code: PMR

	1997	1998	1999
A. Total Market Size	1,054	1,265	1,518
B. Total Local Production 211	253	304	
C. Total Exports	0	0	0
D. Total Imports	893	1,072	1,286
E. Total Imports from U.S.	446	535	642

Comments:

The plastics industry in Egypt is growing steadily and becoming increasingly modernized. In 1998, Egypt consumed plastic materials and resins worth nearly \$1.3 billion. Demand is expected to grow at 20% annually for the next three years. U.S. market share currently stands at 30% and there is substantial opportunity for greater market penetration.

83% of Egypt's plastics market is supplied by imports and 17% from domestic sources. The main suppliers are Saudi Arabia, the United States, Italy, Germany, and Spain. Recently, however, the market has shifted to less expensive Far Eastern resin and raw materials. Polyvinyl chloride suspension resin and thermoset plastics are manufactured locally.

Plastics and resins from Saudi Arabia are exempt the 5% Egyptian customs duty, a partial explanation for Saudi Arabia's 35% market share.

Most promising subsectors include polyethylene (\$610 million), polypropylene (\$72 million), polyethylene terephthalate (PET) (\$48 million), and high impact polystyrene (\$35 million).

Rank: 14

Name of Sector: Food Processing Equipment

ITA or PS&D Code: FPP

	1997	1998	1999
A. Total Market Size	338	376	402
B. Total Local Production 0	41	44	
C. Total Exports	0	29	31
D. Total Imports	338	364	389
E. Total Imports from U.S.	20	22	24

Comment:

The total market for food processing equipment in 1998 is estimated at \$364 million with an expected annual growth of 7% over the next three years. The government of Egypt plans to modernize food-processing facilities that produce for export and to privatize successful food processing entities. Privatization of the food industry sector is expected to lead to renovation of existing equipment and machinery.

Most of the food processing equipment used in Egypt is imported, mainly from Germany, Italy, France, Switzerland, the U.K., the U.S., and Denmark. The majority of U.S. equipment on the market is financed through USAID's Private Sector Commodity Import Program (CIP). During 1998, imports to Egypt through the CIP totaled U.S. \$20 million.

It is recommended that U.S. firms appoint local agents, offer adequate after-sales service, and sell at competitive prices.

Most promising subsectors include sugar beet processing equipment (\$250 million), dairy processing equipment (\$45 million), and winery and distillers (\$30 million).

Rank: 15

Name of Sector: Architectural, Construction and Engineering Services

ITA or PS&D Code: AGE

	1997	1998	1999
A. Total Market Size	680	730	811
B. Total Sales by Local Firms	120	130	156
C. Total Exports	25	30	35
D. Total Imports	560	600	690
E. Total Imports from the U.S.	250	300	315

Comment:

The construction industry as a whole has been growing rapidly and is one of the most dynamic sectors of the economy, growing at an average rate of 25% annually.

Demand for construction materials and engineering services has been high since 1995 due to extensive private sector construction of resorts on the Red Sea, Sinai, and north (Mediterranean) coasts. The increasing demand for U.S. know-how is focused on major land reclamation projects in the New Valley and on new airport construction along the Red Sea Coast. Foreign competition is mainly from France, Germany, the U.S., and Spain.

MY 1999/2000 BEST PROSPECTS FOR AGRICULTURAL GOODS & SERVICES:

1. Wheat (including Wheat Flour)
2. Corn
3. Soybean Meal
4. Frozen Red Meats, primarily offals
5. Vegetable Oil and Tallow

Total Exports: Of all best prospects, only local cotton is exported.

Exchange Rate Used: 1995 \$1 = LE3.39

1996 \$1 = LE3.40

1997 \$1 = LE3.40

1998 \$1 = LE3.44

Egyptian Imports of Agricultural Goods:

(No 1999 figures available. Figures expressed in million of US dollars.)

	1997	1998
Total Agriculture Imports	3,781	4,233
- Agriculture as % of total Imports	36%	26%
Total agricultural imports from U.S.	974	912

-U.S. Market share of Ag imports 26% 22%

Principal U.S. Exports to Egypt: wheat, corn, soybean, vegetable oil and high value products

Principal U.S. Imports from Egypt: Spices, processed fruit and vegetables, and fruit/vegetables juices and some other high value food products.

Wheat (Marketing Year Data: MY96 = Oct 1996 - Sept 1997, etc.)

	(000 MT)			
Wheat	MY95	MY96	MY97	MY 98
Market Size	11,550	12,080	13,100	13,070
Local Product	5,735	5,750	6,000	6,093
Total Imports	6,328	6,330	7,120	6,300
Imports From U.S.	2,600	3,900	4,850	4,200

Comment:

Egypt continues to espouse a policy of self-sufficiency in wheat production by encouraging the expansion of acreage and the use of newly developed, high-yielding wheat varieties. The average yield in MY 1998 was slightly higher than in MY 1997, mainly because of better weather conditions. Although total planted area did not increase in 1998, production of wheat is estimated to be higher than MY97. Purchases of locally produced wheat by the Ministry of Supply this are reported to be 30% higher than last year. The GOE is buying local wheat at prices 60-70% higher than imported wheat but it pays for it with local currency. Total Egyptian wheat consumption in MY 1998 is estimated to be almost the same as in the previous year around 13 million tons. With total Egyptian wheat purchases during the period July 98-May 99 significantly lower than the same period the year before, it projected that total Egyptian wheat imports in MY 98 will be about 6.3 million MT. U.S. wheat exports in MY 98 are estimated at 4.2 million MT.

Corn (Marketing Year Data: MY96 = Oct 1996 - Sept 1997, etc.)

	(000 MT)			
Corn	MY95	MY96	MY97	MY98
Market Size	8,090	8,950	9,400	9,340
Local Product	5,440	6,010	6,300	5,760
Total Imports	2,650	2,700	3,010	3,230
Imports From U.S.	2,235	2,000	1,847	1,950

Comment:

Corn production in Egypt decreased in MY 1998, due mainly to a decline in the area planted to corn to the benefit of the area planted to rice, which has a relatively higher return. The demand for feed corn rose significantly in MY 1998 because of an expansion in poultry and cattle production, but also as a result of increased production of corn oil and corn-based food products. As a result, corn imports continued to be strong. The United States is the main supplier of corn to Egypt. In 1997/98, U.S corn held about 60% of the Egyptian market. This is expected to continue in 1998/99. Argentina is the main competitor to the U.S. in the Egyptian corn import market.

Soybean Meal (Marketing Year Data: MY96 = Oct 1996 - Sept 1997, etc.)

(000 MT)

Soybean Meal	MY95	MY96	MY97	MY 98
Market Size	559	706	787	713
Local Product	129	146	200	133
Total Imports	540	540	580	570
Imports From U.S.	50	200	220	180

Comment:

South America (Brazil and Argentina) dominates Egyptian imports of soybean meal, although U.S. meal is preferred when U.S. prices are competitive. Most of the soybean meal consumption is directed to poultry industry which also the main consumer of imported feed corn. Egyptian soybean meal imports in MY 1998 is projected to be 570,000 MT, mostly from Argentina. In MY 1998/99, total soybean consumption is estimated to decline by about 11%, due to expected decrease in imports following the GOE changes in import financing regulations requiring 100% deposit on letters of credit. The new regulations have affected some poultry producers who were receiving 45 days supplier credits. Local meal production also is expected to jump to 300,000 MT in MY 99, due to the construction of a new soybean crushing plant in Alexandria.

Beef and Veal (Marketing Year Data = Calendar Year)

(000 MT)

Beef and Veal	1995	1996	1997	1998
Market Size	540	550	496	520
Local Product	430	450	425	440
Total Imports	110	70	100	80
Imports From U.S.	22	23	25	20

Comment:

Egyptian production of buffalo and beef cattle covers the bulk of domestic demand. Ireland, Germany, France and the Netherlands are the main suppliers of imported live animals, carcass and boxed beef. Most of U.S. exports to Egypt is frozen beef liver, with a very small quantity of high quality beef cuts. U.S. beef prices are not competitive with subsidized frozen meat sales from Europe, but the U.S. does dominate the beef liver and offal import market. The opportunity for U.S. exports of both live cattle and high quality meat should have improved measurably in the wake of the BSE ("Mad Cow Disease") outbreak in Europe. However, the Egyptian requirement that imported beef contain no more than 7% fat content still represents a major barrier to U.S. sales.

Vegetable Oils/Tallow (Marketing Year Data: MY95 = Oct 1995 - Sept 1996, etc.)

(000 MT)

Vegetable Oils	1995	1996	1997	1998
Market Size	826	793	799	855
Local Product	109	100	94	90
Total Imports	743	693	705	854
Imports From U.S.	50	40	50	35

Comment:

The annual consumption of vegetable oil in Egypt averages slightly more than 10 Kg. per person. Given the importance of vegetable oil in Egypt cuisine, this low consumption figure strongly suggests that vegetable oil is often used well after its optimal life span (particularly in popular restaurants). The GOE's slow but steady move towards privatization should lead to reduced government spending on vegetable oil procurement and distribution. Palm stearin and tallow are used in the production of soap. Malaysia is the source for all of the stearin, 310,000 MT in 1998, and the United States supplies the tallow. Product sales are a function of price. Most imports are handled by the public sector Food Industry Holding Company. Domestic vegetable oil production was stable in 1998, but imports increased by 7%.

Egyptian Imports of High Value Products

January - December 1997 * (In Thousands of dollars)

Year 1997	Total Import Value	U.S. Import Value	Market Share (%)
Processed meat	2,558,770	n/a	
Prepared sauces and dressings	807,406	430,867	53%
Nuts	16,220,959	1,067,726	7%
Dried fruits	3,546,124	43,053	1%
Canned fruit and vegetables	4,185,836	166,193	4%
Corn chips and breakfast cereals	827,327	60,861	7%
Juice	1,064,033	176,687	17%

*Source: Central Agency for Public Mobilization and Statistics

INVESTMENT OPPORTUNITIES

The Egyptian Government's Project list presented at the 1996 Cairo Economic Conference offers a useful list of investment opportunities supported by government policy. There are myriad private sector-initiated investment proposals, as well as those from the government. More than 150 projects were identified in the 1996 list in a wide variety of sectors, including agriculture, electricity, environment, finance, information, mining, petroleum, textiles and tourism. The Egyptian government has since taken steps to bring several of these plans to fruition and has in the last year awarded three BOOT power plant projects (each for 650 MW), one to predominantly U.S. interests, the other two to the French. Many more are planned. Airport BOTs have also been awarded.

At that time, the government also announced its interest in soliciting bids for several BOT/BOOT projects, including: a 650 MW thermal power plant, a pump/storage power plant at Mt. Ataka near Suez, a windmill power farm at Zafarana, new airports on the Red Sea at Marsa Alaam and possibly further south at Ras Banas, turnpikes from the Mediterranean to Aswan and from the Nile west to the central oases of Kharg and Dakhla.

In October 1998, the U.S. Trade and Development Agency (USTDA) sponsored a major conference in Cairo in which investment and privatization opportunities in Egypt were identified mainly in the fields of energy, transportation, water/wastewater, and chemicals.

Note: The Government of the United States acknowledges the contribution that outward foreign direct investment makes to the U.S. economy. U.S. foreign direct investment is increasingly viewed as a complement or even a necessary component of trade. For example, roughly 60% of U.S. exports are sold by American firms that have operations abroad. Recognizing the benefits that U.S. outward investment brings to the U.S. economy, the Government of the United States undertakes initiatives, such as Overseas Private Investment Corporation (OPIC) programs, investment treaty negotiations, and business facilitation programs, that support U.S. investors.

CHAPTER VI. TRADE REGULATIONS, CUSTOMS, AND STANDARDS

TRADE BARRIERS(INCLUDING TARIFFS AND NON-TARIFF BARRIERS) AND TARIFF RATES

Egypt's current customs regulations came into effect in 1986. Since 1991, under its economic reform program developed in conjunction with the IMF and the World Bank, the Government has reduced its tariff rates to a maximum rate of 40%, with a few exceptions such as cars with engines larger than 1300CC, alcoholic beverages, and certain luxury items.

In February 1994, Egypt implemented the Harmonized System (HS), which replaced the previously used CCCN (Customs Commodity Classification Nomenclature), formerly called BTN (Brussels Tariff Nomenclature). In 1996, Presidential Decree No. 304/1996 amended the Customs Tariff Harmonized as follows:

The Rates Mentioned in the Customs Tariff as Promulgated by P.D. No. 38/1994	The Amended Rates
160%	135%
70%	55%
60%	45%
50%	40%
40%	30%

In 1997, Presidential Decree No. 229 has been issued amending the Customs Tariff Harmonized as follows:

55%	50%
45%	40%
40%	35%

Above reduced rates do not apply on any kind of transportation.

Another Presidential Decree No. 293 was also issued in 1997 amending tariff rates on various food items ranging between 3% and 80%.

In January 1998, Presidential Decree No. 1 was issued, increasing the tariff rate on textiles from 40% to 54%. (The increase was due to an earlier lifting of the ban on textile imports into Egypt.)

In September 1998, Presidential Decree No. 243 for 1998 was issued, amending the Customs Tariffs as follows:

50%	40%
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45%	40%
40%	30%
35%	30%

The Egyptian Government does not abide by tariff rates outlined in the WTO, having received a waiver of its obligation to provide these lower rates.

IMPORT TAXES

To counterbalance the reduction in tariffs, the government levies a service fee on the value of imported shipments in return for inspection, listing, classification and reexamination of shipments. In February 1994, this surcharge was raised to 3% or 6%, depending on the customs duty of the imported item: 3% for commodities subject to customs duties between 5 and 30%, and 6% for those subject to custom duties over 30%. The surcharge was reduced twice to reach 2% for commodities subject to customs duties between 5 and 30%, and 4% for those subject to customs duties over 30%.

In addition to the customs tariff, a sales tax ranging between 5% and 25% is added to the final customs value of the imported item. Law 87 of 1986 canceled a series of taxes and fees which were formerly levied on imports: statistical duty, subsidy tax, marine duty, and the municipal tax. Law 2 of 1998 was issued to cancel the stamp tax.

REPRESENTATIVE (Alphabetical) LISTING OF COMMERCIAL LEGISLATION IN EGYPT (Not complete)

- ARBITRATION:

Law 9/1997 Amending Certain Provisions of Arbitration Law in Civil and Mercantile Matters, as Promulgated by Law 27/1994.

- BANKS AND CREDIT:

Law 96/1996 Amending Certain Provisions of the Banks and Credit Law as Promulgated by Law 163/1957 and Law 120/1975 Concerning the Central Bank of Egypt and the Banking Machinery.

- CAPITAL MARKETS:

Law 95/1992 Promulgating the Law on the Capital Market. Decree 135/1993 the Executive Regulations of the Law on Capital Market.

- Commercial Law:

Law 17 of 1999 promulgating trade.

- COMMERCIAL REGISTER:

Law No. 98/1996 Amending Certain Provisions of Law 34/1976, Concerning the Commercial Register.

- COMPANIES LAW:

Law 3/1998 Companies Law. Ministerial Decree 496/1997 Amending the Executive Regulations of Companies Law.

- CUSTOMS LAW:

Law 158/1997 Amending Certain Provisions of Customs Law as Promulgated by Law 66/1963.

- CUSTOMS TARIFFS:

The Customs Tariff (Harmonized) modified up to November 1998.

- ENVIRONMENT:

Law 4/1994 Promulgating a Law Concerning the Environment.

- **IMPORT AND EXPORT REGULATIONS:**

Law 118 of the Year 1975 on Import and Export Regulations, amended up to March 1999.

- **INSURANCE AND REINSURANCE:**

Law 156/1998 Concerning Certain Provisions on Insurance and Reinsurance Companies Which Are Considered as Public Sector Companies, and Amending Certain Provisions of the Law on Insurance Supervision and Control in Egypt.

- **INVESTMENT INCENTIVES:**

Law 8/1997: Investment Incentives and Guarantees Law.

- **LEASING:**

Leasing Law 95/1995.

- **SALES TAX:**

General Sales Tax Law 11/1991 Amended up to March 1997.

- **STANDARDS AND SPECIFICATIONS:**

Ministerial Decrees Nos. 179-180/1996, Enforcing the Obligation to Produce According to Egyptian Standard Specifications, Ministerial Decree 181/1996 Enforcing the Obligation to Produce According to Egyptian Technical Specifications.

- **TENDERS:**

Tenders Law 89/1998 Promulgating the Law on Organizing Tenders and Bids.

CUSTOMS REGULATIONS

Egyptian customs procedures are complicated and rigid in areas such as duty rates. They are designed to eliminate trading loopholes. Authorities do not have to explain or justify their decisions and there is no formal appeal process for customs officers' decisions. Customs procedures are subjective when it comes to identifying whether a commodity fits in one tariff category or another.

Under-invoicing is prevalent in Egypt as a means of tax-avoidance by local businesses. The Customs Authority has a tough policy regarding commercial invoices. Tariff valuation is based on either the worldwide price list received annually from foreign producers/distributors, or if that is not available, they take the highest price available in the local market. In cases where customs officials suspect under-invoicing, they usually add from 10 to 30% to the invoice value of imports for customs valuation purposes.

Customs officials suspect under-invoicing when legitimate sellers low-ball introductory prices of samples, then send larger quantities at higher prices; offer one price for a few items, and a quantity discount for subsequent shipments; or introduce a new product at a basic cost much cheaper than similar products previously imported from other sources.

The ability to fulfill local content requirements is no longer required to obtain an approval to set up an assembly project. However, assembly industries must meet a minimum local content requirement of 40% in order to benefit from customs tariff reductions on imported industrial inputs.

Prior to issuance of Ministerial Decree 99 of 1994, free-of-charge compensatory shipments, meant to make up for losses caused by a drop in the international price of an imported good between the contract date and the time of shipment, were considered illegal imports. The importer had to pay a fine equal to the value of the additional quantities before customs would release them. Now, compensatory shipments are released from Customs and the importer does not pay extra custom duties for the additional quantities, since custom fees are computed based on the value, not quantity, of the original shipment. Ministerial Decree 99 of 1994 also allows for the release of imports that replace previously imported defective or damaged goods without assessing custom duties. Egyptian importers now fill out Customs Form 126 declaring that the imported items are defective or damaged and are to be replaced. However, the Egyptian exporter of a previously

imported good that was damaged or rejected must post a deposit (acceptable to the Customs Authority) guaranteeing importation of a replacement item within two years (renewable) from the date of export. This is a major improvement over the former situation where replacement products having a different serial number from the re-exported item were subject to full customs duties when re-entering the country. In case an item is exported to be refitted and then re-imported, custom duties are paid on the value-added only. If the item is replaced by another used machine, having a different serial number from the exported one, then the re-imported item is subject to full custom fees.

Recently, a decree on computerized customs procedures has been issued for imported goods. The Customs Authority has begun applying a Computerized Customs Declaration Form (Bill of Entry) which intends to facilitate and simplify importers' dealings with the Customs Authority and to avert problems or differences in customs evaluation.

IMPORT LICENSE REQUIREMENTS

Egypt no longer requires import licenses.

TEMPORARY GOODS ENTRY REQUIREMENTS

Imports may be admitted into the country under the temporary admission system. On May 10, 1998, the Head of the Customs Authority issued decree 48 of 1998 dictating that temporary import should be covered by 100% of the imports value in addition to customs fees and sales tax. Exporters raised the issue to the Minister of Finance who, as a result, amended Decree 48 of 1998 by decree 55 of 1998, reducing the guarantee from 100% to 5%.

Imports may be released from Customs under the drawback program. This is different from the temporary admission system in that full customs duties are paid on the imported material and the manufacturer does not fill out a special form with Customs. However, there is a one-year time requirement to re-export these imports as part of a final product in order to have the right to reclaim the full amount of the duties paid as well as other taxes such as the sales tax. This is a cumbersome procedure and refunding may take up to six months for processing. The agencies administering the program are tasked with the responsibilities of determining then repaying the drawback amount. The Industrial Surveillance Authority carries out the first task; the Customs Authority carries out the second. A delegate from Customs has to be present during the manufacturing process. To refund the amount paid, several administrative requirements must be satisfied:

- Details, such as quantities and materials used in manufacturing a unit of the exported products, must be provided to enable Customs to calculate the drawback rate.
- Proof of duties paid on the imported quantities must be furnished.
-
- In order to collect an allowance in the drawback rate for wastage and scrap, quantities of such must be verified.

In addition, the following documents must be provided: customs import release certificate, certificate of export of product, an export permit, a registered deed of sale from the original importer, and a customs clearance certificate.

To speed up the reimbursement process, the GOE introduced in October 1999 a new "tax rebate" system, by means of which exporters could be reimbursed according to pre-specified rates for each industry. The tax rebate system currently covers more than half of the major exported commodities.

SPECIAL IMPORT/EXPORT REQUIREMENTS AND CERTIFICATIONS

Investment Law 8 of 1997 (which replaced Investment Law 230 of 1989, except for the requirement for annual distributions to employees of not less than 10% of profits) made one authority responsible for investor incentives and guarantees--the General Authority for Free Zones and Investment (GAFI). It also

grouped some 20 exemptions and incentives under one law, and specified activities that would automatically benefit from them. Law 8 allows 100% foreign ownership of ventures and guarantees the right to remit income earned in Egypt and to repatriate capital.

Companies Law 3 of 1998 (which amended Companies Law 159 of 1981) streamlined the procedures for establishing a new company. It continues to cover investors in any sector not covered by Law 8 of 1997, including shareholder, joint stock, and limited liability companies and representative and branch offices. Law 3 allows for automatic registration of a company upon presentation of the application to the Companies Department at the Ministry of Economy and for acquisition of legal status 15 days after appearance in the Commercial Register, with some exceptions. These exceptions include noncompliance with procedures or violation of other laws; or lack of qualifications requisite to operating a business. Founders of joint stock and limited liability companies must submit a bank certificate showing a 10% deposit of the issue capital to the Companies Department. The amendment also provides for the right of petition for denial of incorporation, removes the restriction that 49% of shareholders be Egyptian, allows 100% foreign representation on the board of directors, and strengthens accounting standards. Importers should possess the following documents:

1. An Import Card which is issued by the General Authority for Import/Export Quality Control at the Ministry of Trade and Supply.
2. Taxation Card, which is obtained from the Taxation Authority or any of its offices.
3. Three forms of Annex (11) of the import/export executive regulations issued by Ministerial Decree 275/91. Annex (11), the application to finance imports with convertible currencies, includes information on the type, quantity, price and country of origin of the imported commodities. The importer retains one copy which he/she submits to Customs to release the shipment, the second copy is submitted to the Foreign Trade Department at the Ministry of Trade and Supply and the third copy is kept with the bank to follow-up on payment. The pro-forma invoice or final invoice should be stamped by the bank.

The following documents should be presented to Customs to release imports:

1. Bill of lading.
2. Original invoice.
3. Packing lists.
4. Certificate of origin (authenticated and legalized).
5. Form (EX), which is a bank form, applicable in cases where the bank finances the importation transaction. This form is not required if the importer self-finances the transaction.
6. Content analysis of the commodity, if required.
7. Delivery order from the carrier in return for the bill of lading.
8. Custom procedural certificate, which is a customs form that lists information and data including source and country of origin of imports, name of importer, type of product, port of delivery, value, and quantity of the shipment.

Exporters should possess the following documents:

1. An Export Card which is issued by the General Authority for Import/Export Quality Control at the Ministry of Trade and Supply.
2. Taxation Card, which is obtained from the Taxation Authority or any of its offices.
3. Original invoice.
4. Custom procedural certificate, which is a customs form that lists information and data on the exported goods.

Decree 619 of 1998:

Ministerial decrees over the past year have begun to have an impact on U.S. trade with Egypt. The following provides information as to the thrust of the decrees, principally Decree 619, and the various

clarifications subsequently offered by the Egyptian government. Some of Egypt's major trading partners have raised questions about the WTO compatibility of Decree 619. The translations are unofficial and are intended as general guidelines only.

On November 21, 1998, the Minister of Supply and Trade, Dr. Ahmed Goweili, issued Decree No. 619 of 1998, concerning the import of consumer and non-consumer goods from the country of origin. The decree amended Law 118 of 1975. Text of the decree (unofficial translation):

Having considered Law No. 118 of 1975 on Import and Export, and Ministerial Decree 275 of 1991, promulgating the executive statutes of the provisions of referenced Law 118 of 1975 and its amendments, decreed:

Article 1: A new article is to be added to the above-mentioned executive statutes of the provisions of Import and Export Law 118 of 1975, promulgated by pertinent Ministerial Decree, reading as follows:

Article 32 (bis):

Imported durable and non-durable consumer goods must be shipped from the country of origin. In order for imported goods to be released, they must have a certificate of origin authenticated by the competent authorities. The certificate must conform to the specific import control rules.

Article 2: This decree is to be published in the official Egyptian Gazette and be in effect day its publication. Signed, Dr. Ahmed Goweili, Minister of Trade and Supply.

The Trade Minister noted at the time that the decree had been necessary in the face of massive imports of East Asian goods. The decree, however, was applicable across the board. Its publication caused many inquiries to be made to the Trade Ministry, and they issued a number of clarifications, over time, in the form of official Import Circulars, official letters, and press statements, addressing the implementation of Decree 619. Information on those clarifications follows:

Import Circular No. 82 of 1998: Prior Shipment Exempted

The provisions of Decree 619 were not applicable to products that had been shipped prior to the date the decree was put into effect; nor did they apply to consignments for which documentary credits had been opened before the effective date of the decree, provided the credits did not get extended or increased after that date.

Import Circular No. 84 of 1998: List of Consumer Goods

Compliance with the list of durable and non-durable consumer goods when applying Decree 619 according to the classification in the statistical manual for the foreign trade items. First: durable goods; second: non-durable goods; third: other consumer goods not indicated under the two previous items, according to the classification of the Central Agency for Public Mobilization & Statistics (CAPMAS). The CAPMAS classification, shown before each item in the harmonized customs tariff, must be consulted (Import Circular No. 2 of 1999). (Note: This specific product listing will be the subject of a separate IMI report.)

Import Circular No. 86 of 1998: Decree 619 Not Applicable to Free Zones

The Decree does not apply to goods imported into public or private free zone areas or the Port Said free zone. The application of the decree will be related to what is imported into the country and what is registered in the customs statement for final clearance.

Import Circular No. 87 of 1998: Guarantee Requirements for Clearance of Consignments

An unconditional letter of guarantee should be presented for the value of the customs-cleared goods, as determined by the Customs Authority's evaluation, to the Ministry of Supply and Trade's account until a duly authenticated certificate of origin is obtained from the competent authorities, within one month from the clearance date of the consignment, in relation to the consignments which have not fulfilled the proviso that the certificate of origin be authenticated by competent authority.?

Import Circular No. 92 of 1998: No New Release of Consumer Goods From Free Zones

Required that any customs clearance of consumer goods stored in free zones be stopped, even if a documentary credit had been opened before Decree 619 was issued December 13, 1998.

Import Circular No. 94 of 1998: Consumer Goods in Free Zones

The application of the provisions of Ministerial Decree 675 of 1998, with all its terms and conditions related to the goods stored in the free zones:

(1) Consumer goods stored before November 21, 1998, could be released without applying Decree 619, as follows:

(a) to authorize, within a period not to exceed March 3, 1998, imports for trading in relation to foodstuff and non-foodstuff consumer goods which have an expiry date;

(b) to authorize, within a period not to exceed July 15, 1998, imports related to passenger cars, according to the following terms and conditions: The application of Decree 269 of 1996 and the non-application of Decree 580 of 1998 (relating to the lifetime provision), on condition that the monthly quantity authorized to enter the country should not exceed 20 cars or one-fifth of the quantity stored for each storage project separately.

(2) Non-consumer goods stored before November 21, 1998 could be released from customs without having to authenticate the certificate of origin.

(3) For goods other than those under the first and second items, it is mandatory to comply with all provisions of Decree 619, in order to allow them into country for trading purposes.

The Letter of the Head of the Foreign Trade Sector, Trade Ministry, dated January 17, 1999:

Authentication of the certificate of origin by any of the Arab Embassies in Taiwan for goods imported from Taiwan as well as from Bellarussia, will be accepted and taken into consideration.

The Letter of the Head of the Foreign Trade Sector, Trade Ministry, dated January 23, 1999:

Decree 619 does not apply to imports of books, magazines and newspapers in compliance with Article 32 of the Import and Export Law. They are to be released from Customs directly upon payment of the administrative expenses.

Import Circular No. 9 of 1999: Industrial Products in Free Zones

Industrial projects' products in free zones in Egypt acquire the origin of these zones. When imported into country, these products are considered as if imported from the country of origin, provided they are accompanied by a certificate of origin.

Import Circular No. 15 of 1999, dated February 16, 1999: Certificates of Origin for products from Arab Countries:

Commercial goods of national origin from any of the Arab countries, members of the Trade Exchange Facilitation and Development Agreement, whether when imported or exported, should be accompanied by an original certificate of origin duly authenticated by the competent entities, as determined by each country. Authentication by diplomatic missions is not required.

Import Circular No. 31 of 1999: Import Rules from European Union:

Consumer goods imported for sale from any of the European Union (EU) states shall be accompanied by a European Union certificate of origin, without fixation of the member state. The certificate shall be authenticated by any of the Egyptian Representation offices in the EU. Furthermore, it is permitted to ship from any of the states of the European Union. However, if the certificate of origin mentions a specific state, then it shall be authenticated by the Egyptian Representation in that state, and the shipment must be made from the same state. In relation to the rest of the product imported for trading, it is not required that the shipment be from the same state, but it must be accompanied by a certificate authenticated by the competent entity.

The Letter of the Head of the Foreign Trade Sector, Trade Ministry, dated February 1, 1999:

Exempts imported pharmaceuticals, medical supplies and raw materials, diagnostic materials, and medical equipment from the certificate of origin requirement, provided they have the approval of the Ministry of Health. This exemption does not include cosmetics or domestic insecticides.

The Letter of the Head of the Foreign Trade Sector, Trade Ministry, dated February 27, 1999:

Addressed to First Undersecretary of the Ministry of Finance, Head of the Customs Authority, the letter states that due to many inquiries related to Decree 619, the Minister of Trade agreed on February 23, 1999 to issue the following explanations:

(1) Concerning durable and non-durable consumer goods:

It is a precondition for entry into country that they be shipped from the country of origin, duly accompanied by a certificate of origin issued by the country of origin, notarized and authenticated by the Egyptian Representation (i.e., embassy or consulate) in that country. In case there is no Egyptian Representation there, it shall be duly authenticated by any of the Arab Representations.

(2) Concerning all other goods:

It is a precondition to submit a certificate of origin from the country of origin duly notarized and authenticated. In the case of exporting from other than the country of origin, it is possible to accept the certificate of origin from the exporting country, duly notarized and authenticated by the country of export, subject to referring to the original certificate of origin, with a copy of it.

(On April 4, 1999, the Trade Minister agreed to clear the consignments of non-consumer goods which had been shipped up until March 31, 1999, which had been accompanied by a certificate of origin notarized and authenticated by the country of export, without referring to the original certificate of origin.)

For more information, please contact:

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LABELING REQUIREMENTS

On October 25, 1998, the Minister of Trade and Supply Dr. Ahmed Goweili issued Decree No. 553 of 1998, addressing the conditions under which imported goods may be stored outside of Customs Zones (the first point of entry of goods into a customs territory and a sort of "holding area" pending determination of origin of the goods and their classification, assessment, and liquidation of applicable duties). This decree amends Law 118 of 1975 and adds two provisions to Article 79 of Ministerial Decree No. 275 of 1991.

An unofficial translation of the decree follows:

Article One

The following two clauses are to be added to Article 79*, promulgating the executive regulations for Import and Export Law No. 118 of 1975:

It is permitted to store products outside customs zones, provided that the shipment is in accordance with all labeling conditions;

It is obligatory for the importer to re-export the shipment if the inspection shows products are not in accordance with labeling conditions.

*Article 79: The Minister of Economy and Foreign Trade or his delegate may permit the storage of the imported perishable consignments or that of special storage preparations, outside the customs zone, in accordance with the rules stipulated in the Customs Law and the decrees implementing it. In such case, the importer will be bound not to dispose of such consignment, up to issuance of a final decision by the concerned authorities regarding its inspection.

Article Two

The second clause of Article 79 of the executive regulations of the aforementioned Law is to be replaced with the following clause:

(In all cases, it is obligatory for the exporter or importer to pay for the services provided by the General Authority for Import and Export Control in accordance with the rules set by the Authority Chairman in agreement with the Foreign Trade Sector.)

Article Three

Contents of Serial Nos. 39, 135, and 136 of Supplement No. 8 of reference Law are to be replaced with the following:

Serial No. 39:

Custom Item No.: 11 00 0335

Commodity: Gelatin

Custom Item No.: 19 00 0335

Commodity: Except items used to manufacture pharmaceuticals for which a license was obtained from the relevant authority in the Ministry of Health.

Inspection fee: LE 3 (\$0.88) per ton of the consignment.

Serial No. 135:

Chapter 28, Items Nos. 0128 to 4228, and Item No. 4728

Commodity: Non-organic chemicals, organic or non-organic compounds, except items used to manufacture pharmaceuticals for which a license was obtained from the relevant authority in the Ministry of Health.

Inspection fee: LE 3 (\$0.88) per ton of the consignment.

Serial No. 136:

Chapter 29, Items Nos.: 0129 to 3429

Commodity: Organic chemicals, organic or non-organic compounds, except the items for use of manufacturing of pharmaceuticals for which a license was obtained from the relevant authority in the Ministry of Health.

Inspection fee: LE 3 (\$0.88) per ton of the consignment.

Circular No. 12/1998 issued on November 29, 1998 by the Chairman of the Board:

In implementing the provisions of Ministerial Decree No. 553 of 1998 on the precondition that the consignment is in accordance with all labeling conditions to allow storage outside the customs zone, and providing the importer agrees to re-export consignments if inspection proves non-conformability, the following have been decided:

First: Concerning Industrial Commodities

(1) The stipulations of the list of rules executing the provisions of Law No. 118/1975 promulgated by Ministerial Decree No. 275/1991 and its amendments are to be applied, necessitating that the details included in Article 74 BIS Clause 3 be written on every package in

Arabic and in clear, indelible handwriting. Consequently, all customs branches must make sure that the following appears:

- A. 1. The product's name or its trademark.
 Technical data according to stipulations in the applicable standard specifications.
 International data or marks according to the nature of the commodity.
 The country of origin.
 The production and expiration dates.

All these details have to be printed or sealed with indelible ink on the packages directly or on the original card of the producing entity.

- B. As for apparatuses, machines and equipment, details written on each have to be the same as those written on the package. The same applies to the country of origin. A catalogue written in Arabic containing what is stipulated in Clause 3 of Article 74 must be attached thereto.

It is not a precondition that the details on the apparatuses, machines and equipment be written in Arabic. Writing such details in the foreign language would be enough, provided that they are carved or printed or sealed with indelible ink directly on the units or on the original card of the producing entity.

(2) Temporary Release Under Custody: Temporary release under custody is to be effected by the approval of the Customs Authority's board chairman in the following cases:

Waiting for the laboratory test results.
 Withdrawal of the consignment's samples or need for special preparation not available in ports.

Until an international inspection and review certificate is to be brought for the goods that inspection and testing thereof is not possible inside or outside the Customs Authority's laboratories.

In all cases, it is a precondition that all details are to be in conformity with what is mentioned above.

Second: Concerning Agricultural Commodities

1. Temporary release under custody is confined to waiting for results of analysis, provided that all the details are in conformity with what is mentioned above.
2. Concerning the commodities which arrive in bulk form, temporary release under custody can be effected until the analysis results appear.

Third: Acceptance or Refusal (Industrial or Foodstuff)

In case of apparent conformability, the samples are to be withdrawn and procedures are to be continued.

In case of apparent non-conformability, the customs certificate is to be annotated with the following phrase:

"The items...are to be removed from the content of this certificate as it is proved from the apparent inspection that "the importer has to re-export them."

Fourth: Contradicting Instructions

Any contradictory instruction is to be superseded. This circular is to be applied starting from December 12, 1998.

On December 8, 1998, a joint circular was issued by Chairman of General Authority for Import and Export Control, and Chairman of Foreign Trade Sector stipulating the following:

With regard to implementation of the provisions of Ministerial Decree No. 553 of 1998, and in light of the outcome of actual implementation, the following should be taken into consideration:

First: Instructions included in Circular No. 12 do not apply to the following cases:

- Commodities shipped before November 2, 1998.
- Commodities, the credit for which was opened before November 2, 1998, on the condition that no elevation or extension were made after that date.
- Commodities that arrived at the Egyptian ports before December 3, 1998.

Second: Sustaining exemption for commodities imported for Duty Free Shops from the condition of labeling in Arabic, and instead, permitting the use of a foreign language (English or French), in addition to enclosure of a user's manual in a foreign language (English or French) for electric appliances imported for these companies, as per the Minister's approval.

Third: All previous instructions contrary to the above are to be cancelled.

In summary, the decree stipulates that all imported materials should have an Arabic label. The decree allows imports to free zones of products not having an Arabic label. Imports shipped before November 2, 1998 and imports with credit guarantees opened before that date are not subject to the decree.

Food Import Requirements:

There are certain food import requirements that must be observed including the following:

- a. Labeling Requirements
- b. Multiple Product Samples
- c. Restrictions on the Use of Artificial Colors
- d. Shelf-life Standards and Product Specifications
- e. Shipping Documents

a. Labeling Requirements

Food products should be packed in appropriate packages which should be clean, intact, and odorless so as to preserve the product and not affect its characteristics. Production and expiration dates must be shown on the product's packaging. Information on the label cannot be erased, scratched or altered in any way. With the exception of the production and expiration dates, information in English only is not allowed. The word "production" and "expiration" dates must be in Arabic, but the date is accepted in English. Arabic language is mandatory in labels.

Labeling must include the following:

- Name and address of manufacturer
- Brand or trade mark, if appropriate
- Country of origin
- Type of product and grade
- Name and address of importer
- Production and expiration dates
- Product use instructions (optional)
- Product ingredients
- Storage instructions or storage temperature

- Net weight

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Gross weight and total number of the packages per case or carton

If the product contains preservatives, the percentage of each preservative must be indicated

If the product is meat or poultry, the following statement must appear: "slaughtered according to Islamic ritual" or "Halal slaughtered."

On November 1997, the Ministry of Trade and Supply issued Decree No. 465 adding new labeling requirements to the importation of meat and poultry products. The decree requires that all products must be packaged in sealed bags.

Labels must be inserted inside the package as well as on the outside carton. The information on the label may be in two or more languages, as long as one is Arabic. The label must include the following information:

- Country of origin
- Producer's name and logo (if any)
- Name of slaughterhouse
- Slaughter date
- Name and address of importer
- Name of entity which issued the "Islamic Slaughter"

certification.

Such entity must be approved by the Commercial Office of the Egyptian Embassy (or Consulate) in the country of origin.

b. Multiple Product Samples

As many as four ministries may draw samples depending on the product:

- The Radiation Department of the Ministry of Energy and Electricity
- The Ministry of Health
- The Ministry of Agriculture (Veterinary Office), as appropriate
- The Ministry of Supply (Import and Export Control), as appropriate

All product samples should be representative of the consignment and should be drawn during the unloading process. With the exception of frozen products, each agency draws its own samples and tests the consignment independently. Samples are drawn for each type of product mentioned on the invoice and for each product with different production and expiration dates, regardless of the size and weight of the products. In many cases, inspectors pulling samples at the port lack the technical experience in sampling the product. Sometimes they damage the sample, which is why different authorities require a complete sample such as a complete carton to assure a product's safety.

In May 1998, the U.S. Foreign Agricultural Service at American Embassy Cairo published the third version of a complete description of Egyptian import requirements for foodstuffs: A Practical Guide to Egyptian Food Import Requirements and Procedures. U.S. firms may request this guide through the Foreign Agricultural Service at the American Embassy in Cairo at fax: 20-2-356-3989.

c. Restrictions on the Use of Food Additives

- Artificial Colors

The Ministry of Health increased the number of artificial colors allowed in food products to 40 colors instead of 11. However, acceptable artificial colors are not necessarily allowed in all food products. The

scientific name of the color ingredient and the percentage of concentration must be indicated on the Analysis Certificate. Importers and suppliers should refer to Ministerial Decree No. 411 of 1997 issued by the Ministry of Health.

- Natural Colors

There are some natural colors extracted from fruits and plants considered to be fit for human consumption and approved by the Egyptian authorities. Importers and suppliers should refer to Ministerial Decree No. 411 of 1997 issued by the Ministry of Health.

- Preservatives

All preservatives must be identified along with the allowed concentration as a percentage in parts per million calculated on the acid base. Importers and suppliers should refer to Ministerial Decree No. 478 of 1995 issued by the Ministry of Health which lists all acceptable preservatives and concentrations.

- Flavorings

The Ministry of Health does not have a positive list of approved flavorings. However, all flavorings which conform under CODEX or WHO are approved in Egypt.

d. Shelf-Life Standards and Product Specifications

The Ministry of Industry is responsible for establishing shelf-life standard for all food products. Any product that exceeds its established shelf-life is considered no longer fit for human consumption. Manufacturer/processor "use by" or "sell by" dating is not accepted. In 1994, the government decreed that all food products should have at least 50% of the established shelf-life remaining at the time of importation into Egypt, otherwise the product would be rejected. The shelf-life of a product is calculated from the date of production up until the date of completion of all customs procedures and import certification at the Egyptian port of entry.

Failure to meet Egyptian product specifications constitutes one of the main reasons for product rejection. While the Egyptian Organization for Standardization and Quality Control in the Ministry of Industry sets all product standards, it is the responsibility of the Ministry of Health and the General Organization for Import and Export Control Authority (Ministry of Supply and Trade) to apply those standards.

On September 19, 1996, the Ministry of Industry issued Ministerial Decree No. 180/1996 whereby all manufacturers and importers are required to abide by Egyptian product standards. In cases where no mandatory standard exist, the following standards are acceptable:

- Egyptian Product Standards (voluntary)
- International Standards (ISO/IEC)
- European Standards (EN); in the absence of EN standards, British (BS), German (DIN), and French (NF) standards may be applied
- American Standards (ANS)
- Japanese Standards
- Codex Standards

In the absence of an Egyptian or international standard, authorities often will refer to the Analysis Certificate accompanying the product.

e. Shipping Documents

Shipping documents must be authenticated at an Egyptian Embassy or Consulate, in the country of origin, or any other Arab consulate if there is no Egyptian Embassy in the country of origin.

PROHIBITED IMPORTS

Although the Government of Egypt recently lifted a ban on textile imports into Egypt, there still remains an import ban on apparel. The ban is aimed at protecting the local apparel manufacturers. The import ban on textiles is permitted under the WTO's eight year transition period. It is expected to be lifted by the year 2002.

EXPORT CONTROLS

All Egyptian products can be exported without obtaining export approvals as long as they are not banned from export. Hides, scrap metal (except scrap of stainless steel), and alpaca fibers are the only items banned from export. Quality control of exports is voluntary.

An export duty is imposed on certain commodities produced locally in accordance with specified rates listed in Schedule (B) of the Custom Tariff promulgated by Law 351/86, and modified up to November 1998, as follows:

Tendons and sinews, parings and similar waste of raw hides and skins	LE 0.60 per 1000 KG
Molasses	LE 0.60 per 100 KG
Raw hides and skins (fresh or salted) and sheep or lamb skin	LE 1.20 per 1000 KG
Ferrous waste and iron or steel scrap	LE 11.00 per 1000 KG
Copper waste and scrap	LE 11.00 per 1000 KG
Nickel waste and scrap	LE 11.00 per 1000 KG
Aluminum waste and scrap	LE 11.00 per 1000 KG
Zinc waste and scrap	LE 11.00 per 1000 KG
Antiques over 100 years old	5%

All other kinds of goods are exempt from export duty.

STANDARDS

Domestic industries must comply with the specifications of Egyptian standard definitions. The Egyptian Organization for Standardization and Quality Control (EOS), under the Ministry of Industry, is responsible for issuing industrial quality control certificates for local industries and for approving quality certification bodies in Egypt. Adherence to ISO 9000 specifications is optional but increasingly of interest to Egyptian exporters.

Import and export in Egypt are regulated by Law 118 of 1995. Annex (8) of the import/export regulations lists commodities subject to quality control inspection prior to admittance into Egypt. The list consists of about 135 product categories including foodstuffs, spare parts, construction products, electronic devices, appliances, and many consumer goods. Although Egyptian authorities stress that standards applied to imports are identical to those applicable to domestically-produced goods, they are more strict in enforcing product standards on imported food products than on local food products. Moreover, importers face the problems of ill-defined or unwritten product standards, and backlogs result from authorities having limited staff or too few inspection machines to conduct their quality inspections.

In general, inspection fees range between 0.5 piasters (PT) (\$.015) per kilogram to 10 Egyptian pounds (LE) (\$2.90) per container, with an average inspection fee of PT 1 per kilogram. (Note: There are 100 piasters (PT) to a pound.) The inspection fee for goods imported for industrial purposes is lower than that applied to goods imported for retail purposes.

Ministerial Decree 99/94 exempts from quality control inspection of industrial inputs imported by factories. In contrast, the same products, if imported for resale, are subject to inspection. Imports for personal or private use are exempt from quality control inspection.

FREE TRADE ZONES/WAREHOUSES

The Sadat-era Law 43 of 1974 allowed the establishment of free zones in Egypt. The law was superseded by Investment Law 230. In May 1997, Law 230 of 1989 was canceled and replaced by the new investment law known as Law 8 of 1997 which regulates operations in the free trade zones of Egypt. It allows for storage, warehousing, mixing, repacking, assembly, and manufacturing for export; and provision of services to firms located in the free zones. There are eight free trade zones in Egypt: Cairo (Nasr City), Alexandria, Port Said, Suez, Ismailia, Damietta, Safaga, and Sohag. Goods exported from or imported into the free zones are not subject to normal import/export customs procedures, duties or other taxes and fees. Likewise all instruments, machinery, equipment, and transportation equipment necessary for establishments authorized within the free zones are exempt from customs and taxes. Provisions of the labor law do not apply to companies operating in free zones, nor are they subject to currency transaction controls. Commodities manufactured and/or stored in free zones are considered "imports" subject to full customs duties if they enter Egypt.

The Customs Authority supervises both public and private bonded warehouses. The Ministry of Finance authorizes establishment of the warehouses, specifying the site of the bonded area, conditions of storage, storage charges, administrative charges, expenditures, guarantees to be presented, and other conditions relating to warehousing under bond.

Imported and domestically produced commodities, which may be bonded in either public or private sector bonded warehouses, may not be withdrawn from bond unless the necessary taxes and fees are paid or a suitable bank guarantee is provided and accepted by Customs.

MEMBERSHIP IN FREE TRADE ARRANGEMENTS

Egypt is negotiating a free trade agreement with the European Union, as part of the EU's Mediterranean initiative. The transition periods are very long (up to 12 years), and the EU and Egypt have not yet come to terms on many attractive sectors (notably agriculture). The EU initiative carries a regional aspect, as it promises to lower barriers and harmonize procedures among regional parties, including Israel and Jordan. It also promises increased technical assistance to Egyptian industry.

Egypt is a strong supporter of regional integration and has ties through the Arab League to neighboring countries, as well as numerous bilateral agreements with Arabian Gulf and North African states. None of these currently meet the modern definition of a free trade arrangement, however, and many are being renegotiated in light of Egypt's WTO membership.

Egypt joined the Common Market for Eastern and Southern Africa (COMESA) in June 1998, reducing tariffs with COMESA partners by 90% in 1999 and committing to eliminate them entirely by 2000.

CUSTOMS CONTACT INFORMATION

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CHAPTER VII. INVESTMENT CLIMATE

A1. Openness to Foreign Investment

Increased foreign investment continues to figure prominently in the Government of Egypt's (GOE) economic strategy. The United States Government views foreign investment in Egypt as a key element in sustaining high economic growth rates in Egypt. In the last two years, the Egyptian government streamlined and strengthened laws related to foreign investment. These efforts include measures to reduce limits on foreign ownership and largely eliminate previously sharp legal distinctions between Egyptian and foreign firms. Key laws related to investment include:

Investment Incentives and Guarantees Law 8 of 1997: This statute, which replaced a 1989 law governing foreign investment, grants projects in 16 high-priority activities special exemptions and incentives, as well as explicit guarantees, such as a prohibition against nationalization. Companies established under Law 8 enjoy a five-year tax holiday from corporate income tax. Companies established in new industrial zones or in special projects identified by the Social Fund for Development enjoy a ten-year tax exemption. Investments in areas outside the Nile Valley receive twenty years tax holiday. The law also grants exemptions from certain labor requirements under the Companies' law or the Labor law.

Law 3 of 1998 Amending Companies Law 159 of 1981: Law 3 streamlined the procedures for establishing a new company. The most important contribution of Law 3 is the elimination of the requirement for investors to obtain the approval of the Companies Department in order to establish a new company. Under Law 3, investors need only notify the Companies Department of their plans. Another important feature of Law 3 is its requirement that companies comply with Egyptian accounting standards. The law also provides a company or individual the right to appeal the denial of an application for incorporation.

Amendments to Capital Market Law 95 of 1992: Law 95 and its amendments and regulations govern the capital markets. In 1998 the government made significant amendments and changes to Law 95 to strengthen stock market regulations against fraud, price manipulation, and insider trading. Law 158 of 1998 allows bookkeepers and companies dealing in central depository to dematerialize shares (i.e., replace physical entries for securities with book entries).

Banking Law 155 of 1998: Law 155 permits private sector ownership of Egypt's four public sector banks. The GOE has not yet announced specific plans for the privatization of a public sector bank.

Insurance Law 156 of 1998: Law 156 amended law 91 of 1995. Law 156 removes the 49% ceiling on foreign ownership, permits privatization of national insurance companies, and abolishes the ban on foreign nationals serving as corporate officers.

Law 1 of 1998: Law 1 amended Law 12 of 1964, the General Egyptian Maritime Organization Law. Law 1 permits the private sector, including foreign investors, to conduct most maritime transport activities, including loading, supplying, and ship repair.

Law 18 of 1998: Law 18 amended Law 12 of 1996 to allow the government to sell minority shares of electricity distribution companies to private shareholders.

Law 19 of 1998: Law 19 changed the status of the national telecommunications authority (TELECOM EGYPT) to a shareholding company with the government as majority shareholder, laying the legal basis for some degree of privatization.

Tenders law 89 of 1998: Law 89 amends Tenders and Bidding Law 9 of 1983 governing foreign companies' bids on public tenders. It requires the government to consider both price and best value and to issue an explanation for a bid's refusal. However, the new tender law remains restrictive since an Egyptian domestic contractor is accorded priority if its bid does not exceed the lowest foreign bid by more than 15%.

Law 161 of 1998: Law 161 addresses the protection of the Egyptian economy from harmful practices in international trade such as dumping.

Commercial Law of 1999: The People's Assembly passed a new Commercial Law for Egypt that superseded the prior legislation dating from 1883. The new Law has more than 700 articles arranged in the five chapters: General Commerce, Commercial Contracts, Banking Transactions, Commercial Papers (including checks), and Bankruptcy.

Barriers to Investment: Obstacles include bureaucracy; a shortage of skills in midlevel management; periodic continued shortfalls in credit facilities; inadequate property rights (IPR) protection and enforcement; and non-tariff trade barriers.

In addition, pharmaceutical prices remain controlled, although the government has decontrolled prices on other industrial products. The government uses a standard cost-plus formula to determine pharmaceutical prices for new-to-market products. Although foreign and Egyptian pharmaceutical companies argue that the price control system constrains development of the sector, it is a politically

popular policy likely to remain in effect for the foreseeable future. Most agricultural product price controls have been removed except those on cigarettes, rationed edible oil, and rationed sugar.

Privatization: The government launched a privatization program with Public Enterprise Law 203 of 1991 and executive regulations establishing the regulatory framework for the sale of 314 public enterprises (later increased to 319 enterprises). The Public Enterprise Office (PEO) is responsible for advising on the sale of Law 203 companies. The law permits sales to foreign entities.

The pace of privatization slowed over the last year. As of March 1999, 105 companies were privatized to the extent of 51% or more of their value. The firms were privatized as follows: 31 majority initial public offerings (IPOs), 29 liquidations, 28 sales to employee ownership associations, and 17 sales to anchor investors.

Egypt's privatization program broadened in the past two years with the government opening maritime, telecommunications, and infrastructure sectors to the private sector on a build-own-operate-transfer (BOOT) basis. The privatization plan for the electricity sector is a particularly noteworthy development. In addition to awarding three BOOT contracts for power generation in 1998 and 1999, the Egyptian Electrical Authority (EEA) named a consortium led by Merrill Lynch and the Egyptian investment bank EFG-Hermes to evaluate the country's seven state-owned power generation and distribution companies for privatization. These assets have an estimated aggregate value in the range of \$12-14 billion. An offering of up to 20% of the Cairo district power company is expected in the near future, perhaps as early as Fall 1999.

More private sector companies, long known as closed or family businesses, are now expanding and going public, making bond or stock offerings to the public. This development represents an area of opportunity for domestic and overseas investors. Foreign investors are allowed to purchase stocks and bonds of private firms, and there are no restrictions or limits on the percentage of shares which a foreign party may acquire.

U.S. Support for Development of the Egyptian Private Sector: The U.S. Government is engaged in a broad array of projects to strengthen the Egyptian economy and improve its business climate. USAID programs reflect the importance attached by the United States and Egypt to expanding bilateral investment and trade ties. For example, USAID activities promote the latest and most appropriate technologies, market opportunities, management training, international quality standards, and improved business links through computer information systems and facilities, among others. USAID programs also include assistance in support of the Egyptian Government's privatization program.

A2. Conversion and Transfer Policies

Repatriation of Profits and Capital: Egypt largely eliminated foreign exchange transfer restrictions in 1991. Foreign Currency Law 38 of 1994 further relaxed restrictions on capital transfers and emphasized the right of individuals and companies to transfer foreign exchange out of Egypt. Egyptian law allows individuals and businesses to conduct all normal foreign exchange transactions, including establishing foreign

exchange accounts and transferring foreign exchange in and out of Egypt. Authorized banks may provide the full range of foreign exchange transactions, including accepting deposits, executing transfers, and opening letters of credit. However, while banks may conduct forward foreign exchange transfers for their customers, they are prohibited from conducting forward transactions on their own behalf. Law 38 maintains some restrictions on the transfer of real estate sales proceeds owned by foreigners who are not residing in Egypt, requiring such proceeds to be transferred over a five-year period. Foreign currency is to be made available at banks and foreign exchange bureaus. Over the past year firms report having occasionally experienced delays in the processing of their requests to convert Egyptian pounds to foreign currency.

Bilateral Investment Treaty: The 1992 U.S.-Egypt Bilateral Investment Treaty provides for free transfer of dividends, royalties, compensation for expropriation, payments arising out of an investment dispute, contract payments, and proceeds from sales. Transfers are to be made in a "freely convertible currency at the prevailing market rate of exchange on the date of transfer with respect to spot transactions in the currency to be transferred".

Remittances: Law 8 of 1997 stipulates that non-Egyptian employees hired by projects established under Law 8 are entitled to transfer their earnings abroad.

Royalty Payment: Conversion and transfer of royalty payments are permitted when a patent, trademark, or other licensing agreement has been approved under Law 8 of 1997.

A3. Expropriation and Compensation

The government has taken no expropriation actions since the 1960s. As noted in section A1, Law 8 of 1997 provides guarantees against nationalization or confiscation of investment projects under the law's domain. The law further guarantees against seizure, requisition, blocking, and placing under custody or sequestration. It also offers guarantees against full or partial expropriation of real estate and investment project property. The U.S.-Egypt Bilateral Investment Treaty also provides protection against expropriation.

A4. Dispute Settlement

Egypt acceded to the International Convention for the Settlement of Investment Disputes in 1971. It is a member of the International Center for the Settlement of Investment Disputes (ICSID) which provides a framework for arbitration of investment disputes between the government of the host country and a foreign investor from another member state, provided that the parties agree to such arbitration. Without prejudice to Egyptian courts, Law 8 of 1997 recognizes the right of investors to settle disputes within the framework of bilateral agreements, the ICSID or through arbitration before the Regional Center for International Commercial Arbitration in Cairo. The U.S.-Egypt Bilateral Investment Treaty also provides for non-binding, third party arbitration in investment disputes.

Egypt's Dispute Settlement Law 27 of 1994 and its 1997 amendment provided a comprehensive framework for the arbitration of all domestic and international commercial disputes and limited challenges of arbitration award in court. Law 27 was amended in 1997 to include disputes between public enterprises and the private sector. A special order is required to challenge an arbitration award and such orders are only granted if there is a strong case for successfully challenging the award. The law consolidated and streamlined various confusing and conflicting rules that left the enforcement of international and domestic awards in doubt.

Egypt adheres to the 1958 New York Convention on Enforcement of Arbitrary Awards; the 1965 Washington Convention on the Settlement of Investment Disputes between States and the Nationals of Other States; and the 1974 Convention on the Settlement of Investment Disputes between the Arab States and Nationals of Other States.

Investment disputes involving U.S. persons or companies do exist. Resolution of cases can involve lengthy court proceedings and negotiations, as illustrated by the cases below.

In 1961, a U.S. sewing machine manufacturer had its warehouse in Alexandria requisitioned through a ministerial decision. The company did not bring any legal action at that time, thinking that it did not have a legal basis through which to obtain redress. In 1980, after the change of government, the U.S. Company did sue the occupant of the warehouse (a subsidiary of the Ministry of Supply and Industry). In 1997, 17 years later, the Egyptian court decided that the act had not been an expropriation because the requisition was only temporary (so far, 37 years temporary) and the government entity occupying it had taken no action to expropriate it. Further, the court rejected the lawsuit altogether because it had not been filed within 60 days of the original requisition in 1961. The U.S. Company is now appealing the decision.

Ten years ago, a U.S. company's contract with a government-owned airport authority to operate airport duty-free shops was canceled and the government-owned airline was given the management contract. Inventory and equipment were confiscated, which would indicate that a de facto expropriation and nationalization had taken place. The U.S. owner initiated several lawsuits in the Egyptian courts, and on November 25, 1997, the Egyptian Council of State found in his favor. The Airport Authority has since refused to honor the judgment and the U.S. Company has initiated criminal proceedings against the director of the Airport Authority. The U.S. Ambassador to Egypt wrote to the Prime Minister in support of the U.S. company in May 1998 and is currently supporting an attempt at an amicable settlement, as requested by the U.S. company.

A U.K./U.S. company entered into a contract with an Egyptian public sector entity to operate two hotels in Egypt. Disputes arose over both properties, and the government party was reluctant to settle the disputes in court. Both disputes were submitted to ad hoc binding arbitration in 1994. The decision of the arbitrators was that the U.K./U.S. Company would return one hotel and that the government entity would pay the U.K./U.S. party a specific amount to compensate it.

The government party appears to have refused to honor, or at least to have circumvented, the compensation requirement by depositing the funds directly with the court and making them available to the U.K./U.S. party only with its approval, which it has not given. The government entity then obtained a court order and seized the hotel property, which it was to have received per the arbitration agreement. Apparently, the government entity then, in 1997, forcibly seized control of the second property, the management of which had been awarded to the U.K./U.S. Company.

This complex matter was submitted for arbitration to the International Center for the Settlement of Investment Disputes (ICSID), Washington D.C., by the U.K./U.S. party in March 1998, claiming compensation under an investment promotion and protection agreement (IPPA) between Egypt and the U.K.

The British Embassy is providing primary support to the U.K./U.S. Company, given majority U.K. ownership, and the U.S. Embassy is supporting efforts to resolve the dispute.

A5: Performance Requirements and Incentives

Performance requirements are not specified in Investment Law 8. The ability to fulfill local content requirements is no longer required to obtain an approval to set up an assembly project. However, assembly industries must meet a minimum local content requirement of 40% in order to benefit from customs tariff reductions on imported industrial inputs. Unlike earlier laws, Law 8 also does not put a floor for the percentage of Egyptians employed.

Tax Incentives: Under Law 8 of 1997, foreign companies enjoy various tax incentives. Law 8 provides a general tax exemption of five years for any project operating in one of the 16 fields covered by the Law. Specific incentives of ten years are granted to projects in new industrial zones, certain urban communities,

remote areas, and Social Fund for Development projects. Tax exemptions of 20 years are granted to projects outside the Cairo area. All investment projects are granted exemptions from notarization and notification fees; payment of inheritance tax on 25% of heir's share in invested capital; and income tax on a portion of dividends after the exemptions expire.

Companies covered under Law 3 of 1998 can benefit from incentives (notably tax holidays) offered for investments in designated areas set forth in the Communities Law and have access to subsidized fuel and power. In addition, companies registered in the Commercial Register that employ more than 50 employees are eligible for a five-year tax holiday.

Pricing and Customs Preferences: The Egyptian government may not intervene to get the prices or profits of companies established under Law 8. The Egyptian government does regulate prices for basic foods and commodities (i.e. bread and sugar) and pharmaceuticals. Per Ministry of Finance decree, machinery and equipment imported for projects operating under Law 8 are assessed a flat 5% tariff rate. Assembly industries must meet a minimum local content requirement of 40% to benefit from customs tariff reductions on imported industrial inputs.

Geographical Areas: There are no formal legal geographical restrictions on investments. However, the heavy congestion in Cairo often prompts government officials to deny approval for investments in Cairo unless an economic rationale exists. Upon request, however, government officials will assist investors in locating a site for the project, for example, in one of the newer industrial sites located outside Cairo and will sometimes provide necessary infrastructure. In addition to new areas surrounding Cairo, the government has targeted Upper Egypt (Upper Egypt refers to governments in the south of Egypt) for development by private investors. Land in southern industrial zones will be offered free-of-charge and the Government will provide infrastructure (water, sewer, electricity, and gas) and title transfers to the developer three years after project startup.

Export and Import Policies: The list of goods requiring prior approval before importation was eliminated in 1993. A poultry ban was lifted by the end of July 1997 and was replaced by an 80% tariff subject to annual reduction. On January 1, 1998, a textiles ban was also lifted. The remaining ban on apparel is scheduled to end on January 1, 2002.

1998 witnessed the implementation of several GOE measures which had the effect of limiting imports. Ministerial Decrees 577 and 580 require cars to be imported in the year of production. Ministerial Decree 619 requires imports to be accompanied by a certification of origin. In addition, Decree 619 stipulates that consumer goods (durable and non-durable) be shipped directly from the country of origin. Decree 619 also had the effect of rendering free trade zones third countries, limiting their utility as domestic storage points. In May 1999, the Central Bank of Egypt required 100% coverage for credit lines opened for certain commodities imported for resale purposes. Those commodities include sugar, steel, and luxury goods.

Product specification also can be a barrier to trade. For example, the Ministry of Health requires that beef imported for direct human consumption have less than 7% fat, a level virtually never reached in premium beef exports. Ministerial Decree 1 of 1998 sets textile labeling requirements that are very difficult to meet.

Some items are inspected for quality control prior to admittance into Egypt. The Government stresses that standards applied to imports are the same as for domestically produced goods, but in practice, imports are subject to different inspection tests. Tariffs range between 5-40%, with exceptions on the upper end for luxury goods (automobiles, tobacco, and alcoholic beverages).

Egypt sets the shelf life of processed foods by regulation, as opposed to the standard international practice of allowing producers to determine the life of their product. Early in 1994, the Government decreed that products (mainly food) entering Egyptian ports should have 50% or more of their shelf life remaining. Egyptian shelf life standards ignore quality differences between producers and are often established without scientific basis. An August 1994 decree applies shelf life standards to certain non-food imports such as syringes and catheters.

The import process remains cumbersome. Imported refrigerated containers of foodstuffs typically take 25 days to clear customs.

Two-month delays or longer are not uncommon.

Export subsidies do not exist and the Government does not impose export performance requirements. Exporting industries, including investment Law 8 projects, receive rebates on duties paid on imported inputs at the time of export of the finished product. Animal hides and scrap metals (except stainless steel) are the only items banned from export. The import-export paperwork process has been greatly simplified from past Egyptian practice, but several days are still needed for processing.

A6: Right to Private Ownership and Establishment

Law 8 of 1997, Law 3 of 1998, and Law 95 of 1992 govern investment in Egypt. Foreign investors may own up to 100% of businesses within the scope of this legislation. This section also discusses several other regulations.

Investment Incentives and Guarantees Law 8 of 1997: Law 8 of 1997 is designated to allocate investment to targeted economic sectors and to promote decentralization of industry from the crowded geographical area of the Nile Valley. It repealed Investment Law 230 of 1989, except for the requirement for annual distributions to employees of not less than 10% of profits. Law 8 of 1997 and its executive regulations and amendments (Prime Ministerial Decree 2108 of 1997 and Prime Ministerial Decree 1585 of 1998) group some 20 incentives under one law. The law allows 100% foreign ownership and guarantees the right to remit income earned in Egypt and to repatriate capital. Key provisions include: the guarantee against confiscation, sequestration and nationalization; the right to own land; the right to maintain foreign currency bank accounts; freedom from administrative attachment; the right to repatriate capital and profits; and equal treatment regardless of nationality.

Under Law 8, qualifying investments in 16 fields are assured approval, effectively creating a positive list. These areas include land reclamation; fish, poultry and animal production; industry and mining; tourism (covering hotels, motels, tourist villages, and transportation); maritime transportation; refrigerated transportation for agricultural products and processed food; air transportation and related services; housing; real estate development; oil production and related services; hospitals and medical centers that offer 10% of their services free of charge; water pumping stations; venture capital; computer software production; projects financed by the Social Fund for Development; leasing; and guarantees for subscription in securities.

Additional Incentives and Measures: Law 8 and other measures provide projects in the government-sponsored Toshka or New Valley developments with significant incentives. In June 1998, the government added the new industrial zones East of Oweinat and Northwest of the Gulf of Suez to the list of special government projects. As of May 1999, there are eleven new industrial zones built in satellite cities in the desert areas outside of Cairo and Alexandria and around the cities of Minya and Beni Suef.

Some projects still require prior approval from relevant ministries in addition to GAFI, including investments in the Sinai; all military products and related industries; and tobacco and tobacco products. Law 15 of 1963 prohibits foreign ownership of areas designated as agricultural lands, except for desert reclamation projects. Presidential Decree 284 of 1997 made the General Authority for Free Zones and Investment (GAFI) responsible for investor incentives and guarantees.

Companies Law 3 of 1998, amending Law 159 of 1981: This measure applies to investments in sectors not covered by Law 8 of 1997, including shareholder, joint stock, and limited liability companies and representative and branch offices. Law 3 allows for automatic company registration upon presentation of an application to the Companies Department at the Ministry of Economy, with some exceptions. These exceptions include denials based upon noncompliance with procedures and laws, as well as lack of the qualifications requisite to operating a business. Founders of joint stock and limited liability companies

must submit a bank certificate showing a 10% deposit of the issued capital to the Companies Department. The amendment also provides for the right to petition a denial of incorporation; removes the requirement that at least 49% of shareholders be Egyptian; allows 100% foreign representation on the board of directors; and strengthens accounting standards.

Representative offices may be established in Egypt to conduct market research in scientific, technical or consulting fields. They are required to be funded entirely by remittances from abroad in foreign currency. Representative offices cannot engage in commercial activities and are not subject to Egyptian tax. The Companies Department at the Ministry of Economy regulates representative offices. Branch offices are found mainly in the sectors of oil, construction, and construction consulting industries and services. They come under the supervision of the Companies Department of the Ministry of Economy.

Capital Market Laws: The Capital Market Law 95 of 1992 grants foreign investors full access to capital market and, in combination with the Banking Laws of 1992 and 1993, constitute the primary regulatory framework for the financial sector. The Law permits the establishment of Egyptian and foreign companies that provide underwriting of subscriptions, brokerage services, securities and mutual funds management, clearance and settlement of security transactions, and venture capital activities.

Law 95 also authorized the issuance of corporate bonds, eliminated the 7% cap on bond interest rates, and authorized bearer shares. The Law eliminated taxes on income from most stocks and bonds; established mechanisms for arbitration and legal dispute resolution; and prohibited unfair market practices. Law 95 empowered the Capital Market Authority (CMA) to be an independent watchdog over the securities industry. The government in 1998 decreed that listed companies must adopt international accounting and auditing standards, and the CMA ruled that directors of securities firms must fulfill expertise requirements. The CMA and the Cairo Stock Exchange regularly publish reports on trading and market conditions.

Banking Laws: Banking Law 155 of 1998 set the legal basis for the privatization of the four public sector banks. Laws passed in 1992 and 1993 allow foreign bank branches to deal in Egyptian currency. Foreign banks are guaranteed national treatment. The government requires banks to follow systems of loan classification and provisioning. Early in 1997 the Central Bank of Egypt (CBE) required banks to apply International Accounting Standards (IAS) and to publish an annual financial report based on IAS. To facilitate greater transparency in the economy, the CBE began publishing in April 1997 a monthly bulletin containing information on key economic and financial developments.

According to a March 1999 Ministry of Economy report, the banking sector in Egypt is comprised of 4 public sector banks, 24 private and joint venture commercial banks, 2 real estate banks, 1 industrial development bank, 1 agricultural bank, 11 joint venture business and investment companies and 20 branches of foreign banks.

In January 1998 the People's Assembly passed Income Tax Law 5 which eliminated the tax deduction for interest paid on funds borrowed by banks to purchase government treasury bills, as well as the deduction for interest earned on T-bills. Law 5 also allows banks to double their non-performing loans provisions to 10% of their pre-tax income. The new law is intended to spur banking services innovation and loan activity to smaller businesses.

Leasing Law 95 of 1995: Law 95 allows for the leasing of capital assets and real estate. It is designed to reduce the high start-up costs faced by new investors. Notably, the law specifically allows for the purchase of real estate assets through leasing mechanisms, superceding old laws that limited the right of foreigners to own land.

R&D Projects: With the exception of government-funded R&D programs in the agricultural field, there are not large-scale R&D activities in Egypt. There is no discrimination against U.S. and other foreign firms wishing to participate in R&D programs in Egypt. Most Egyptian R&D programs are established by government initiative to target specific problems and opportunities. Although science and technology

(S&T) development has been declared an official priority, the percentage of government budget for S&T spending is low.

A7: Protection of Property Rights

The Egyptian Constitution of 1971, as amended in 1980, states that the Islamic Law (Shari'a) is the basis of all laws. Laws issued prior to 1980 need not comply with this provision, but new regulations must conform with Islamic Law. The 1948 Civil Code and the 1883 Commercial Code were the basic laws governing commercial contracts and transactions. The People's Assembly approved in May 1999 a new Commercial Law amending and largely superseding the 110-year-old commercial code.

The Egyptian legal system provides protection for real and personal property, but laws on real estate ownership are complex and titles to real property may be difficult to establish and trace. The government is moving slowly to modernize the laws on real estate ownership and tenancy. In 1997, the Government of Egypt (GOE) passed legislation eliminating price controls on commercial space following enactment of a similar law pertaining to agricultural land leases in 1996.

The mortgage facility in Egypt is underdeveloped. Real estate mortgages can be registered with the Land Register, but the registration fee is prohibitive, equal to 1.5% of the amount being secured by the mortgage. Residential mortgages are basically unenforceable because the legal system provides no right to evict for non-payment. Pledges of personal property are possible, but they are only effective if the creditor takes actual possession of the property. The only non-possessory security interest in personal property available in Egypt is a commercial mortgage or mortgage of the *fonds de commerce*. This type of mortgage covers tangible as well as intangible assets of a business (ranging from equipment to good will) and is registered at the Commercial Register, but can be granted only by banks registered with the Central Bank.

Intellectual Property Rights: Due to a lack of progress in patent protection and in the enforcement of copyright protection, the United States Trade Representative placed Egypt on a priority watch list in April 1998, and retained this designation in 1999. Egypt is a signatory to the GATT TRIPS Agreement, the Bern Copyright Convention, the Paris Patent Convention, the Paris Convention for Protection of Industrial Property of 1883, the Madrid Convention of 1954, and the Nice Convention for the classification of goods and services.

Patents: The existing Egyptian patent law (Law 132 of 1949) provides protection below international standards. It contains overly broad compulsory licensing provisions and excludes from patent ability substances prepared or produced by chemical processes if such products are intended for food or medicine. The patent term is 15 years from the application filing date, compared with the international standard of 20 years. A 5-year renewal may be obtained only if the invention is of special importance and has not been adequately worked to compensate patent holders for their efforts and expenses. Compulsory licenses, which limit the effectiveness of patent protection, are granted if a patent is not worked in Egypt within three years or is worked inadequately.

Egypt has drafted, but not passed, legislation designed to improve patent protection by providing product versus process patents, increasing the protection period to 20-years, and offering fair prerequisites for compulsory licensing. However, the government may opt to delay implementation of the legislation, once passed, to take advantage of the transition period through 2005 granted to developing countries under the WTO TRIPS agreement.

Copyrights: Since late 1997, Egypt has strengthened the enforcement of copyright protection laws already on the books, although enforcement remains erratic and inadequate. Law 29 of 1994 amended the Copyright Law (Law 38 of 1992) to ensure that computer software was afforded protection as a literary work, allowing it a 50-year protection term. Law 38 of 1993, an amendment to the out-of-date 1954 copyright law, increased penalties against piracy and provided specific protection to computer software. A 1994 decree also clarified rental and public performance rights, protection for sound recordings, and the definition of personal use.

Trademarks: Egypt is considering completely revising its laws in order to enhance legal protection for trademarks and industrial designs. The current trademark law, Law 57 of 1939, is not enforced strenuously and the courts have only limited experience in adjudicating infringement cases. Fines amount to less than \$100 per seizure, not per infringement. Judgments and enforcement must be made separately in each of the 26 governorates.

The Commercial Register and the Ministry of Justice are now studying a new trademark law, which takes into consideration the duration of the non-use of a registered trademark according to international standards. In the existing law, the duration is five years while under the TRIPS Agreement, the duration is only three years.

Trade Secrets: Egypt does not have specific trade secrets legislation. Protection of commercially valuable information is possible through contractual agreement between parties. Breach of contractual terms of protection can be remedied in legislative proceedings under either the civil or criminal code, depending on the severity of the damage caused.

Semiconductor Chip Layout Design: There is no separate legislation protecting semiconductor chip layout design, although Egypt signed the Washington Semiconductor Convention.

U.S. Support for Intellectual Property Rights Protection: The U.S. provides significant support for Egyptian efforts to increase intellectual property rights (IPR) protection, primarily through USAID programs. These programs include the Strengthening Intellectual Property Rights in Egypt (SIPRE) project. SIPRE furnishes technical support for such efforts as modernizing Egypt's patent office and improving the automation of its trademark system. In a USAID-funded program, the U.S. Commerce Department's Commercial Law Development Program (CLDP) contributes to the development of the Egyptian legal environment for business and investment by conducting conferences in areas such as IPR enforcement and customs administration.

A8. Transparency of the Regulatory System

The streamlining of Egyptian investment procedures during recent years, as outlined in other sections of this report, represents a constructive step towards improving Egypt's business environment. However, there is still room for improvement. Significant obstacles continue to hinder private sector investment in Egypt. They include the often arbitrary imposition of bureaucratic impediments and the length of time that must be spent resolving them. Import clearance remains difficult, as several ministries have overlapping regulatory authority. In addition, quality control is a major issue for importers. Enforcement of health and safety regulations is uneven and enforcement is complicated by a multiplicity of laws, agencies, and opinions. For example, at least four ministries regulate the operation of restaurants. Egypt's accounting system is not consistent with international norms.

In May 1998, the government passed Law 89 of 1998 as an amendment to the Tenders and Bidding Law 9 of 1983 to improve equality and transparency in government procurement. Key provisions of the new law include: a prohibition on transforming a bid into a tender (a main defect of Law 9); more transparency in the criteria for bid acceptance and rejection; equality among bidders, contractors and government agencies; more weight given to the technical aspects of a tender or bid; protection of contractor rights; reduction of insurance fees; immediate return of deposits once the government announces bid or tender results; and the establishment of a Central Office for Complaint Resolution in the Ministry of Finance.

A9: Efficiency of Capital Markets and Portfolio Investment

Egypt has made considerable progress in modernizing its capital markets since the passage of Law 95 of 1992. The Privatization Program, particularly between 1995 and 1997, was a major spur for development of the capital markets and foreign investor interest. The capital markets sector, as of March 1999, consists of 26 mutual funds (19 managed and traded in Egypt and 7 offshore), 24 portfolio investment management

companies, 20 underwriters, 9 venture capital firms, 140 brokerage firms and one central depository for clearing and settlement. As of April 1999, the market capitalization of the Cairo and Alexandria Stock Exchange (CASE) was approximately \$26.9 billion with 925 companies listed. Trading volume in 1998 was 571 million shares. Trading value for 1998 was \$6.7 billion, of which \$5.4 billion was in listed securities.

In March 1999, Moody's Investors Service assigned a Baa1 rating to the domestic currency bonds issued by the Government of Egypt. In 1997, Standard and Poor's gave Egypt an investment grade rating of BBB-. European and U.S. mutual funds now include Egyptian stocks, and 54 local issues are included in the International Finance Corporation's general index. Six Egyptian companies are traded on the London Stock Exchange. As of April 1999, Global Depository Receipts (GDRs) had been issued by Commercial International Bank, Suez Cement, MIBank, Ahram Beverage, Paints and Chemicals and EFG-Hermes. The GDRs are traded in London.

The government continues to introduce measures to bring the market closer to international standards. Companies listed on the CASE are required to apply international accounting and disclosure standards. Stocks are deleted from the exchange if not traded for six months. Settlement of transactions now takes three days, a significant improvement over the eleven days needed two years ago. USAID/Cairo is working with Egyptian government authorities and the CASE in an ambitious four-year \$32 million technical assistance program for the development of the Egyptian capital market. The project is working in four major areas: legal and regulatory reform, automation, institutional development, and debt market development.

The development of markets for government and corporate bonds lags behind the growth of the equity market. Since 1994 there have been 32 issues of corporate and 8 issues of medium-term government bonds. Treasury bonds are traded on the stock market. The GOE is currently exploring strategies for developing a secondary market for government securities.

A10. Political Violence

Since the mid-1990s, Egyptian extremists groups seeking to destabilize the government have attacked targets in Egypt, including Egyptian law enforcement personnel, judicial officials, and foreign tourists. Most of these attacks have occurred in the Nile Valley Governorates of Minya, Assiut, Sohag, and Qena. Egyptian security and law enforcement officials increased their counter-terrorism activities and security presence during 1998, and there were fewer extremist attacks than in previous years. In 1997, extremist attacks on foreigners took place in Luxor in Upper Egypt and in Cairo. There were no attacks on foreign tourists in Egypt in 1998. Because the extremists have been more active in the Nile Valley Governorates of Minya, Assiut, Sohag and Qena (North of Qena City), these areas should be considered a greater risk. Prior to travel to these governorates, U.S. citizens are urged to seek advice from the Consular Section of the U.S. Embassy, licensed tour operators, and/or the tourist police authorities responsible for those areas. The U.S. Embassy periodically receives information concerning extremists intentions to target tourists and American interests in Egypt, including U.S. Government buildings. In light of this information, Americans are urged to be vigilant and exercise good security practices while in Egypt.

A11: Corruption

Corruption in Egypt is considered a criminal act. Two agencies under the authority of the Cabinet of Ministers--the Administrative Control Authority (ACA) and the Illicit Gain Office (IGO)--oversee enforcement of corruption laws in the public sector. In the private sector, there are two types of corruption cases. Commercial disputes are subject to international commercial law and Law 27 of 1994. Civil cases are adjudicated by the district attorney's office and the civil courts. The ACA and IGO may intervene when corruption occurs in the private sector if public money and the public interest are involved. Egypt is not a signatory of the OECD Convention on Combating Bribery. While U.S. firms occasionally report

corruption by lower-level government officials, they do not identify corruption as an obstacle to foreign investment.

B. Bilateral Investment Agreements & Regional Cooperation

In 1992 the U.S. and Egypt implemented a Bilateral Investment Treaty. The treaty provides for fair, equitable, and non-discriminatory treatment for investors of both nations. The treaty includes provisions for international legal standards on expropriation and compensation; free financial transfers; and procedures for the settlement of investment disputes, including international arbitration.

Egypt has signed investment agreements with the U.S., Germany, the United Kingdom, Sweden, Switzerland, Japan, the Netherlands, Belgium, Luxembourg, France, Italy, Greece, Finland, Romania, Sudan, Morocco, Thailand, China, Tunisia, Armenia, Libya, and Singapore.

In addition to investment agreements per se, Egypt is a signatory to a wide variety of agreements covering trade issues. On July 1, 1999, Egypt and U.S. signed the Trade and Investment Framework Agreement (TIFA). The TIFA is a step toward creating freer trade and increased investment flows between the U.S. and Egypt.

Egypt has been in negotiations with the European Union on an association agreement under the Mediterranean initiative since 1995.

In January 1998, Egypt began implementing agreements reached with Arab League members in connection with the Arab Common Market treaty of the 1960's. These agreements call for phasing out existing tariffs over a 10-year period.

Egypt joined the Common Market for Eastern and Southern Africa (COMESA) in June 1998. According to this agreement, tariffs among member countries will be phased out by the year 2000.

Further information on Egypt's investment and trade regimes can be found in the National Trade Estimate Report on Foreign Trade Barriers produced by the U.S. Trade Representative. In addition, the World Trade Organization (WTO) conducted a Trade Policy Review of Egypt on June 24-25, 1999. A copy of this report prepared by the WTO secretariat is available from the WTO.

C. OPIC, TDA, Ex-Im, and Other Investment Programs

The U.S. Overseas Private Investment Corporation (OPIC), the U.S. Export-Import Bank (Ex-Im), and the U.S. Trade and Development Agency are focusing increased attention on supporting U.S. trade and investment in Egypt. High level delegations from all three agencies visited Egypt in 1999.

In July 1999, Egypt and OPIC signed an updated investment agreement to facilitate the ability of the agency to provide political risk insurance for U.S. private investment as well as for bid, performance, advance payment, and customs bonds and guarantees issued on behalf of U.S. suppliers and contractors in Egypt. To date, 25 U.S. investment projects in Egypt have been covered by OPIC insurance. With respect to the amount of local currency the U.S. mission in Egypt could absorb in the case of an inconvertibility claim, records show that the U.S. Embassy and U.S. institutions in Egypt, including USAID, purchase in excess of \$200 million annually. If OPIC were to make available local currency to the U.S. Embassy or other U.S. institutions in Egypt in the case of an inconvertibility claim, it would be exchanged at commercial rates offered through local banks. The prospect of devaluation in the near term appears remote given the Government of Egypt's repeated insistence that it will not devalue the Egyptian pound.

Since its inception in 1981, the U.S. Trade and Development Agency (TDA) has provided \$35 million in funding for feasibility studies, orientation visits, training grants, and conferences that support economic needs and priorities in North Africa and the Middle East. In March 1999, TDA provided a \$750,000 grant to the Egyptian Arab Trading Company for a feasibility study on the construction of the Suez

Petrochemical Complex. In April 1998, TDA awarded a \$400,000 grant to the Egyptian Civil Aviation Authority to fund a feasibility study for the complete technical, financial, and environmental review of the conversion and expansion of the Borg El Arab airport west of Alexandria.

The Export-Import Bank of the United States is an independent U.S. government agency that finances the overseas sales of U.S. goods and services. Since inception in 1934, Ex-Im Bank has provided financing for transactions totaling more than \$300 billion. Ex-Im's total exposure in Egypt is currently \$45.9 million.

USAID's Commodity Import Program (CIP) is a substantial source of support for U.S. imports. For more information on CIP, please see Chapter IV)

Egypt is a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

D. Labor

Egypt's labor force has grown at an annual rate of around 2.7% in recent years, adding more than 550,000 new entrants into the labor market each year. According to foreign investors, certain aspects of the current labor law are significant business impediments, particularly the difficulty of dismissing employees. The government's labor policy is widely viewed as outdated: workers are not legally allowed to strike; workers remain unfamiliar with the dynamics of market-based economies; and qualified specialists are in short supply. In 1996, the government drafted a new labor law, but the law still awaits approval from the People's Assembly.

The abundance of labor has led to low prevailing wages and the use of labor-intensive technologies. Foreign companies frequently pay higher wages and attract workers with higher than average skills. Hundreds of thousands of Egyptians seek employment abroad on both temporary and permanent bases.

Workers may join trade unions but are not required to do so. A local union, or workers' committee, may be formed if 50 employees express a desire to organize. Union members make up about 27% of the labor force and are mostly employed by state-owned enterprises.

There are 23 general trade unions and about 1,855 local committees (local trade unions). All are required to belong to the Egyptian Trade Union Federation (ETUF), the sole legally recognized labor federation. The International Labor Organization's Committee of Experts repeatedly has emphasized that a law requiring all trade unions to belong to a single federation infringes on the freedom of association, but the government has not changed the law. The ETUF speaks vigorously for worker concerns but public confrontations between the ETUF and the government are rare. Disputes are more often resolved by consensus behind closed doors.

Labor laws do not adequately provide statutory authorization for the rights to strike and to engage in collective bargaining. Even though the right to strike is not provided, strikes do occur. The government considers strikes a form of public disturbance and hence illegal.

Unions may negotiate work contracts with public sector enterprises if the latter agree to such negotiations, but unions otherwise lack collective bargaining power in the state sector. Under current circumstances, collective bargaining does not exist in any meaningful sense because the government sets wages, benefits, and job classifications by law. Firms in the private sector generally do not adhere to such government-mandated standards. Although they are required to observe some government practices, such as the minimum wage, social security insurance, and official holidays, they often do not adhere to government practice in non-binding matters, including award of the annual Labor Day bonus.

Labor law and practice are the same in the free zones as in the rest of the country. Article 13 of the Constitution prohibits forced labor. However, the Criminal Code authorizes sentences of hard labor for some crimes. Although the law does not specifically prohibit forced and bonded labor by children, such practices are not known to occur.

According to the Child Law approved in 1996, the minimum age for employment is 14 in non-agricultural work. Provincial governors, with the approval of the Minister of Education, can authorize seasonal work for children between the ages of 12 and 14, provided that duties are not hazardous and do not interfere with schooling. Pre-employment training for children under the age of 12 is prohibited. It is prohibited for children to work for more than 6 hours a day, including one or more breaks totaling at least 1 hour. Children are not to work overtime, on their weekly day off, between 8 p.m. and 7 a.m., or more than 4 hours continuously. Education is compulsory for the first 9 academic years (typically until the age of 15). Despite legislation to end it, child labor persists in Egypt. Statistical data is uncertain, but the phenomenon is widespread, especially in rural areas. Poverty is a major factor, with key elements being the educational and occupational level of the parents. The government and NGO's are working to alleviate some aspects, but stubborn and persistent poverty is likely to continue to abet the problem.

For government and public-sector employees, the minimum wage is approximately \$28 (about 95 Egyptian pounds) a month for a 6-day, 42-hour workweek. Base pay is supplemented by a complex system of fringe benefits and bonuses that may double or triple a worker's take-home pay. The average worker and family could not survive on a worker's base pay at the minimum wage rate. The minimum wage is also legally binding on the private sector, and larger private companies generally observe the requirement and pay bonuses as well. Smaller firms do not always pay the minimum wage or bonuses.

The Ministry of Labor sets worker health and safety standards, which also apply in the export processing zones, but enforcement and inspection are uneven. The law prohibits employers from maintaining hazardous working conditions, and workers have the right to remove themselves from hazardous conditions without risking loss of employment.

E. Foreign Trade Zones and Ports

There are eight active free zones: Nasr City (near Cairo Airport), Alexandria, Damietta, Ismailia, Suez, Port Said, Safaga, and Sohag. New extensions are being added to Port Said and Damietta and new zones are planned in North Sinai and the Red Sea. Free zones are established by a decree by the Council of Ministers. They are subject to Investment Law 8 and are open to investment in any sector. Companies producing largely for export (normally 80% or more of total production) may be established in the free zones and operate in foreign currency.

Companies operating in free zones are exempt from customs duties, sales taxes or taxes and fees on capital assets and intermediate goods. However, warehouse companies are subject to an annual fee of 1% on the imported product's value, and production and assembly profits are subject to an annual fee of 1% on the exported product's value.

Concession agreements in such areas as petroleum, natural gas and mineral exploration and extraction, although not explicitly covered by Investment Law 8, receive many of the privileges of free zone ventures. Concession agreements must be negotiated separately with the GOE and are subject to legislative approval.

F. Foreign Direct Investment Statistics

Measurements of foreign direct investment (FDI) in Egypt vary according to the source and the definitions employed to calculate the figure. The U.S. Department of Commerce calculates the stock of U.S. FDI as of March 1999 at around \$2 billion.

Official Egyptian statistics indicate that the United States topped the list of investing countries in 1997/98. Egypt's General Authority for Investment and Free Zones (GAFI) calculated the total stock of foreign investment at the end of December 1998 by all foreign nationalities (non-Arab) in 1,254 projects at around \$3.4 billion. GAFI set the stock of U.S. FDI in 204 projects at the end-December 1998 at \$543 million, down from \$707 million the prior year. GAFI's figures are less inclusive than those of the U.S. Commerce Department. GAFI tracks only U.S. investment in Egyptian companies formed under Law 203; it does not

include U.S. investment in the petroleum sector, the chief recipient of U.S. FDI in Egypt. According to company data, U.S. direct investment in the oil and gas is in excess of \$7 billion. BP-Amoco is the largest foreign investor in Egypt. Other U.S. oil exploration and production companies include Mobil, Caltex, Arco, Esso, Texaco, Marathon, Apache and Phoenix. Foreign petroleum firms such as AGIP, Shell, Repsol and British Gas are also significant players.

In addition to their dominant role in the energy sector, U.S. firms are active in banking and in a wide range of manufacturing industries, producing goods for the domestic and export markets. Examples of U.S. investors include American Express, Citibank, Coca Cola, Ralston Purina, Eveready, General Motors, Johnson and Johnson, Procter and Gamble, Pfizer, H.J. Heinz, Gillette, American Standard, Bristol-Myers Squibb, PepsiCo, Pioneer, and Xerox.

CHAPTER VIII. TRADE AND PROJECT FINANCING

BRIEF DESCRIPTION OF THE FINANCIAL SYSTEM

The central objective of the Egyptian Government's economic reform program, as it relates to the financial sector, is to increase the level of real growth, with a greater role for the private sector in banking and insurance. The elements of this financial reform are:

- Privatization of the banking system

The GOE plans to privatize its holdings in joint-venture banks, as well as to sell to the private sector, up to 10% of one of the four major public sector banks, the Bank of Alexandria. These actions would bring half of the banking sector into private control. (Private sector ownership currently represents less than 30%.)

- Privatization of insurance companies

The People's Assembly (Egyptian Parliament) has endorsed a new insurance law that allows up to 100% ownership by foreign insurance companies, and allowed for the privatization of public sector insurance companies.

- Upgrading the Egyptian stock market

The securities market has been revitalized since 1991 and now has a market capitalization of LE 83 billion (US\$24 billion). The GOE aims at introducing new forms of securities, such as options and derivatives, in addition to upgrading the financial information system linking the Cairo and Alexandria stock markets. Companies in the stock exchange are required to comply with international accounting standards in preparing and publishing their financial statements. Moreover, an automated trading system is being implemented for the Egyptian Stock Exchange.

BRIEF DESCRIPTION OF THE BANKING SYSTEM

With the exception of three banks exempted from Central Bank of Egypt (CBE) control by law or treaty, all banks in Egypt are subject to CBE supervision. The three exempted banks are Misr African International Bank, the Arab International Bank, and the Egypt Export Development Bank. By 1995, the Egyptian banking system consisted of 69 banks (of which nine were public sector banks):

- 29 commercial banks
- 33 investment banks
- 7 specialized banks

During 1957-1974, nationalization had a dramatic impact on Egypt's financial system. The closure of the Egyptian stock market and the confiscation of Egypt's 27 commercial banks and specialized banks turned the financial system into a stagnant, non-competitive sector. Only fully-owned Egyptian banks were permitted to operate in the country. Although the banking system has since been opened to private sector banks, the four state-owned commercial banks still dominate the banking market due to their large size in

terms of assets, deposit base and branches. In 1974, Investment Law 43 permitted joint-venture commercial and investment banks with a minimum of 51% Egyptian ownership into the Egyptian market. Law 43 also gave these banks equal national treatment and tax benefits. However, foreign bank branches were restricted to foreign currency business until the March 1993 amendment to Banking Law 37/1992 permitted existing foreign bank branches to engage in local operations. The 27 Investment Law banks consist of 11 joint-venture banks and 16 foreign bank branches. On June 16, 1995, the Parliament approved the bill amending the Banking and Credit Law 163/1957 and Law 120/1975 permitting majority foreign ownership in joint-venture banks. Current reforms of the banking sector focus on the regulatory framework, institutional improvement, and use of sophisticated information technology packages to link banking services.

The banking system deposit base and loan portfolio totaled LE 200 billion (\$54 billion) and LE 150 billion (\$48 billion) respectively, at the end of June 1998. Total assets of banks were LE 300 billion (\$73 billion). Banks are free to set their own interest rates and exchange rates, although the CBE provides informal guidelines, such as T-Bill auctions and discount rates. The CBE regulates the banking system by setting reserve and liquidity requirements and rules for loan classification. The minimum paid-in capital requirement for banks under Banking Law 37/1992 is LE 50 million (\$14.7 million). A deposit insurance fund is being phased in and membership will be obligatory for all banks operating in Egypt, including foreign bank branches.

In 1999, the following American bank branches and representative offices are currently operating in Egypt, in both local and foreign currencies: Citibank, American Express Bank, Bankers Trust, Bank of New York, Chase Manhattan, and one Egyptian-American joint-venture commercial bank, Egyptian-American Bank.

Some foreign banks are dealing with Egyptian or international banks in Egypt without having a subsidiary. Under Banking Law 37/1992, as amended by Law 101/1993, foreign banks operating in Egypt, whether joint ventures or branches, receive equal treatment and are subject to the same regulations as national banks. Due to the large number of banks now operating in Egypt, CBE policy regarding new entrants into the banking market, whether foreign or Egyptian, is very restrictive and no new banks have been licensed.

FOREIGN EXCHANGE CONTROLS AFFECTING TRADE

Egypt liberalized foreign exchange rates in February 1991, conducting transactions through two markets: the primary market for government transactions and the free foreign exchange market. Effective October 8, 1991, the primary market was eliminated, and all transactions now are effected through the free market. The Egyptian pound exchange rate versus U.S. dollar has been stable from May 1991 to June 1997 at LE 3.4 per 1 USD. Foreign exchange is easily available in the banking system or in foreign exchange companies. As of the end of February 1998, the CBE had accumulated \$20 billion in reserves.

Foreign Exchange Law of May 1994 allows individuals and legal entities to retain and transfer foreign exchange in Egypt and abroad. The new law stipulates that banks can engage in all foreign exchange transactions. Under this law, exporters and tourism companies are no longer obliged to repatriate their foreign exchange proceeds to Egypt. The only foreign exchange restriction is a five-year period for transfer of sales proceeds of real estate in Egypt owned by foreigners residing outside Egypt. Although the law does not specify the terms of transfer of sales proceeds, the assumption is that transfers will be made in equal installments over a five-year period.

GENERAL AVAILABILITY OF FINANCING

Banks may not be the only source of finance because of the availability of the emerging securities market, as well as the availability of donor-assistance credit lines, such as USAID and other bilateral aid, EU credits for the private sector, and the Social Fund for Development which is mainly donor-financed.

The Egyptian banking system is highly liquid. Financing in either Egyptian pounds or foreign currency is readily available, to the extent that Egyptian entrepreneurs deny that capital is a key problem in putting a project together. Banks are willing to finance activities in all economic sectors, but they have to know the

customer well. The Egyptian pound deposit base has increased substantially. Deposit rates rose to a high of 17% in 1992 and currently range between 8.5-10%, tax-free. Lending rates have fallen from a peak of 21% in 1991 to 12-14% in 1998, while the prime lending rate is much lower.

By 1991/92, the Egyptian stock market was reactivated by the GOE in order to allow alternative financing to private and public firms. In 1998, the size of the stock market (blue chips and bonds) was estimated at LE 65 billion (about \$22 billion), excluding closed companies, compared to LE 5 billion in 1992. Also, the volume of trading in 1998 was 50% more than the level in 1993. In addition, as of early 1998, there were 22 mutual funds in Egypt with a total estimated value of \$3 billion. This indicates the significance of the Egyptian stock market in terms of providing financing and an opportunity to build savings. The development of professional investment banking capabilities will definitely help encourage the private sector to tap the securities market more often. The U.S. firm, Morgan Stanley, recently entered the Egyptian market in partnership with a local firm.

HOW TO FINANCE U.S. EXPORTS TO EGYPT/METHODS OF PAYMENT

U.S. exporters to Egypt typically rely on letters of credit from Egyptian buyers, arranged by the latter through Egyptian banks, confirmed irrevocably by a U.S. bank. Other financing sources include USAID's Private Sector Commodity Import Program, which makes available dollars to Egyptian banks which then lend to Egyptian importers (see description, end of section IV); the U.S. Export-Import Bank (EXIM), which generally requires a sovereign guarantee from the Egyptian government -- a lengthy process needing approval by the Egypt Parliament; and, for investors, the U.S. Overseas Private Investment Corporation (OPIC).

Multilateral banks and funds do not provide export financing to Egyptian exporters. An African Export-Import Bank (AFREXIM) began operation in early 1995 and offers low cost financing for foreign and intra-African trade.

For those U.S. companies interested in selling production equipment and raw materials to the Egyptian business sector, a look at the financial environment in which Egyptian manufacturers and exporters operate might be useful. Knowing the financing and insurance programs available to Egyptian manufacturers and exporters can provide both insight into the market and possible tools for helping to penetrate that market. For this reason, we include the following section.

EGYPTIAN FINANCIAL AND INSURANCE MECHANISMS

The local banking system and offshore banks operating in Egypt are the main source of finance for Egyptian exports. Export financing is usually short-term and is intended to cover the exporter's working capital during the production period. Financing term ranges from between three to four months to as much as one year. Banks decline to finance long-term export contracts, especially after the negative experiences of Egyptian exporters with the former USSR and Iraq. The exporter may use loans to finance imported inputs or locally produced ones. Banks prefer to lend exporters the same currency they will receive in payment for their exports to reduce foreign exchange risk.

Banks finance 50% to 80% of the value of an export order, whether in the form of a contract, shipping documents, insurance documents, or a letter of credit (L/C), depending on the credibility of the exporter. If the exporter is not well known in the market and does not have a proven track record, banks will request that the importer open an L/C to reduce their risk. Requesting an L/C constitutes an additional cost to the importer, which may reduce the competitiveness of Egyptian exports. On the other hand, creditworthy exporters are offered direct overdraft facilities. Interest rates on export financing range between 1.5-2% above LIBOR. Banks deduct loan repayments from the export proceeds. In general, export credit is a revolving form of credit.

Egypt has one export guarantee company, The Export Credit Guarantee Company of Egypt (ECGC), established by the Export Development Bank of Egypt, National Investment Bank, Misr Insurance Company, Al Shark Insurance Company and Egyptian National Insurance Company. ECGC started

operation in October 1993. It provides guarantees against importer's risk or political risk to Egyptian or foreign exporters who export products that are totally or partially produced in Egypt. "Importer's risk" is defined as the importer's inability to pay for the exported goods or his/her refusal to receive the shipping documents of exported goods, although the exporter fulfilled all obligations. ECGC's guarantee also covers political risk (non-commercial), including the cancellation of the importer's license by his/her country's authorities, refusal of entry of goods by the importer's government, denial of permission to transit a country's territory, seizure or confiscation of exported goods by the importer's country or the transit country, insolvency of a public-owned importer, or military actions or civil disturbances that affect the importer's assets. The guarantee, on the other hand, does not cover foreign exchange risk and risks pertaining to the nature of the goods.

Whenever ECGC receives a request for guarantee, it investigates the importer thoroughly. Based on the importer's financial status and estimated country risk, ECGC decides on a coverage limit and informs the exporter. The guarantee can reach up to 80% of the importer's outstanding debt. ECGC receives 0.5-2% premium depending on the importer's country and the product exported. The exporter can sell the guarantee to his/her bank.

PROJECT FINANCING

Banks are the main source of finance for projects in Egypt. As mentioned above, banks are highly liquid in both local currency and foreign exchange and are competing to finance credible, well-known clients. Although loan demand is high, actual borrowing is low because of restrictive collateral requirements and high loan rates. Egyptian pound lending rates have fallen considerably from a peak of 22% in 1991 and 1992 to an average of 12-14% in 1996, while the prime lending rate is much lower; as little as 7.5%, or LIBOR plus about 1.5%. Egyptian investors have also begun considering the stock or bond markets to obtain capital. The Cairo and Alexandria stock exchanges, dormant since 1956, started gaining momentum in late 1992. The new Capital Market Law 95/1992 was issued to help activate the securities market. In addition to supporting the privatization program, the law has succeeded in slowly revitalizing the market. Egypt is currently included in the International Finance Corporation (IFC) index for emerging markets. Corporate bonds issued by private sector companies indicate that investors have started to be aware of the importance of bonds as a source of finance. Wider use of bonds is further expected in the coming year.

U.S. Export-Import Bank loans and guarantees are available in Egypt. EXIM rates are relatively high compared to financing available from local banks.

Small investors who lack the right business connections and collateral required by banks find it difficult to start up small-and medium-size projects in Egypt. On the other hand, the Social Fund for Development, established to cushion the impact of economic reforms on low income groups, is providing funds to banks to lend to small-scale enterprises. A private sector credit guarantee company started operation in 1989 to encourage banks to finance small-scale enterprises. The Credit Guarantee Company guarantees up to 50% of loan principal for small enterprises. The company also provides services to small investors to help them choose suitable projects and to prepare feasibility studies.

THE WORLD BANK GROUP

The World Bank Group is a multilateral lending agency consisting of four closely related institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). The World Bank provides loans to developing countries to help reduce poverty and to finance investments that contribute to economic growth.

The International Bank for Reconstruction and Development (IBRD), frequently called the World Bank, was conceived in July 1944 at the United Nations Monetary and Financial Conference in Bretton Woods, New Hampshire. The World Bank opened for business in June, 1946 and its first focus was the reconstruction of war-torn Europe. Today, the World Bank lends to the developing countries of Africa,

Asia, Latin America, the Caribbean, the Middle East, and Europe. The World Bank and its affiliates are headquartered in Washington, D.C. A brief description of each group member follows:

The International Bank for Reconstruction and Development (IBRD) provides funding for creditworthy developing countries with relatively high per capita income. It also provides technical assistance and policy advice. IBRD raises the money through the sale of AAA-rated bonds in international capital markets. Loans are made only to governments or to agencies that can obtain a government guarantee. The IBRD also provides partial risk or partial credit guarantees (with a counter-guarantee from their government) to private lenders on development projects. The interest rates are variable, set at half a percentage point above the Bank's average cost of borrowing or LIBOR. Repayment is usually over 12 to 15 years, including a grace period of three to five years. Opportunities for U.S. companies exist to supply goods and services in connection with these loans.

The International Development Association (IDA) provides assistance on concessional terms to the poorest developing countries (per capita incomes below \$865 in 1994) that are not sufficiently creditworthy for IBRD financing. It receives its funding largely from contributions from its wealthier member countries. The terms for IDA credits are maturities of 35 or 40 years (depending on the level of development of the borrower), including a ten-year grace period and no interest but a 0.75% annual service charge. IDA credits are made only to governments. As with the IBRD, procurement procedures are well-established and offer opportunities for U.S. suppliers, engineers and consultants.

The International Finance Corporation (IFC) is an affiliate of the World Bank that provides project financing for private investment in developing countries. IFC offers long-term loans and equity investments, as well as other financing services. IFC will generally invest up to 25% of the total project cost. In addition to project finance, IFC also provides legal and technical assistance to private enterprises. Unlike the IBRD and IDA, the IFC does not require government guarantees. U.S. companies seeking direct investment funds should contact the IFC.

The Multilateral Investment Guarantee Agency (MIGA) was established in April 1988 to help investors overcome the problems of political risk. Investors' concerns about political risk had the effect of slowing down the flow of foreign direct investment which in turn slowed the creation of jobs, and the transfer of modern technology. MIGA's purpose is to promote the flow of foreign direct investment among member countries by insuring investments against non-commercial (political) risk and by providing promotional and advisory services to help member countries create an attractive investment climate. U.S. companies seeking investment guarantees should contact MIGA.

For further information and assistance contact the U.S. Commerce Department's Commercial Service Liaison Staff, Office of the U.S. Executive Director, The World Bank, 1818 H Street NW, Washington DC 20433, USA. Tel 202/458-0118 or 0120, Fax 202/477-2967.

MULTILATERAL INSTITUTIONS ABROAD:

Multilateral Development Bank Office
U.S. Department of Commerce
International Trade Administration
Room 1107, 14th and Constitution, NW
Washington, DC 20230
Tel: 202-482-3399, Fax: 202-273-0927
Janet Thomas, Director

African Development Bank
c/o The Commercial Service
U.S. Embassy
5 Rue Jesse Owens, 01 B.P. 1712
Abidjan 01, Cote d'Ivoire
Tel: 225-21-46-16, Fax: 225-22-24-37

European Bank for Reconstruction and Development (EBRD)
Office of the U.S. Executive Director
One Exchange Square
London EC2A 2EH
United Kingdom
Tel: 44-71-338-6569, Fax: 44-71-338-6487

International Finance Corporation (IFC)
1818 H Street, N.W.
Washington, DC 20433
Tel: 202-477-1234, Fax: 202-477-6391

World Bank
Office of the U.S. Executive Director
1818 H Street, N.W.
Washington, DC 20433
Tel: 202-458-0120/0118, Fax: 202-477-2967

MULTILATERAL INSTITUTIONS IN EGYPT:

Arab League
Dr. Esmat Abdel Meguid, Secretary General
The Arab League Bldg., Corniche El Nil, Cairo
Tel: 393-4499, Fax: 775-626

African Export Import Bank (AFREXIM)
Mr. Christopher Edordu, President
World Trade Center Bldg., 3rd & 8th Floors
1191 Corniche El Nil, Cairo
Tel: 202-578-0281 (6 Lines), Fax: 202-578-0276/9

Cairo Regional Center for International Commercial Arbitration
Dr. Mohamed Ibrahim Aboul Enein, Director
3 Aboul Feda St., Zamalek, Cairo
Tel: 340-1333/35/37, 342-3691/93, Fax: 340-1336

Commission of the European Communities Delegation in Egypt

Amb. Christian Falkowsky, Head of the Delegation
6 Ibn Zenki St., Zamalek, Cairo
Tel: 340-8388, Fax: 340-0385

International Finance Corporation (IFC)
Mr. Sami Haddad, Regional Representative for the Middle East
World Trade Center, 1191 Corniche El Nil St., 12th Fl., Cairo
Tel: 579-6565, 579-9900, Fax: 579-2211

United Nations Development Program (UNDP)
Mr. Edmund Cain, Resident Coordinator & Representative
1191 Corniche El Nil, World Trade Center, Cairo
Tel: 578-4840/46, Fax: 578-4847

World Bank
Dr. Khalid Ikram, Director, Egypt Country Department
1191 Corniche El Nil, World Trade Center, Cairo

Tel: 574-1670/1, Fax: 574-1676

LIST OF LOCAL BANKS AND AMERICAN CORRESPONDENT BANKS:

American Express Bank

Mr. Ahmed Dabbous/Executive Director & Region Head, Middle East

4 Syria St., Mohandessin, Cairo

Tel: 360-8226/8, 360-5256/8, Fax: 570-3146

Arab American Bank

Mr. Sherif Abdel Khalek/Vice President, Regional Representative

6 Salah El Din St., Zamalek, Cairo

Tel: 340-6767, Fax: 340-6753

Citibank

Mr. Shayne Elliott/Vice President & Country Corporate Officer

4 Ahmed Pacha St., Garden City, Cairo

Tel: 355-1501, 355-1161, 355-1873/7, Fax: 355-8056

Bank of Alexandria

Mr. Mahmoud Abdel Salam Omar/Chairman

49 Kasr El Nil St., Cairo

Tel: 391-9686, Fax: 390-7793

Cairo Bank

Mr. Mohamed Aboul Fath/Chairman

22 Adly St., Cairo

Tel: 390-9575, Fax: 390-1735

Bank Misr

Mr. Issam Al Ahmady/Chairman

151 Mohamed Farid St., Cairo

Tel: 391-4239, 391-1159, Fax: 393-5381

National Bank of Egypt

Mr. Mahmoud Abdel Aziz/Chairman

Cairo Plaza Bldg., Corniche El Nil St., 24 Sherif St., Cairo

Tel: 574-6858, Fax: 574-6000

Arab International Bank

Dr. Moustafa Khalil/Chairman

35 Abdel Khalek Tharwat St., Cairo

Tel: 390-5765, Fax: 391-6233

Banque du Caire et de Paris

Mr. Hassan Samir Mansour/Chairman

3 Latin America St., Garden City, Cairo

Tel: 355-2906, 390-9575, Fax: 390-1735

Cairo Barclays Bank

Mr. /Joint Managing Director

12 El Sheikh Youssef Sq., Garden City, Cairo

Tel: 354-0686, 355-7447, Fax: 355-2746

Commercial International Bank (CIB)

Mr. Mahmoud Abdel Aziz/General Manager

Nile Tower Bldg., 4th Fl., 21/23 Giza St., Giza
Tel: 570-3172, Fax: 570-3043

Egyptian British Bank (Ex-Hong Kong Bank)
Dr. Ibrahim Kamel/Chairman
3 Aboul Feda St., Zamalek, Cairo
Tel: 340-9186/286, Fax: 341-4010

Delta Int'l Bank
Mr. Aly Negm/President
1113 Corniche El Nil, Cairo
Tel: 579-6910/11, Fax: 750-904

Egyptian American Bank (EAB)
Mr. James Vaughn/Managing Director
6 Hassan Sabri St., Zamalek, Cairo
Tel: 341-7330/6150/7/8, 339-1572, Fax: 341-4924, 391-8601

Misr International Bank
Mr. Issam Al Ahmady/Chairman
54 El Batal Ahmed Abdel Aziz St., Mohandessin, Cairo
Tel: 349-4424/7091/0164, Fax: 349-8072

Misr America Int'l Bank
Mr. Yousry Moustafa/Chairman
2 Nadi El Seid St., Dokki, Cairo
Tel: 361-6634/13/23/24/27, Fax: 361-6610

Misr Exterior Bank
Mr. Mohamed Nabil Ibrahim/Chairman
Cairo Plaza Bldg., Corniche El Nil, Cairo
Tel: 778-021, Fax: 762-806

Misr Iran Development Bank
Mr. Omar Mohanna/Deputy General Manager
Nile Tower Bldg., Giza St., Giza
Tel: 572-7311/004/890, Fax: 570-1185

CHAPTER IX. BUSINESS TRAVEL

BUSINESS CUSTOMS

Business in Egypt is personal. Egyptian and foreign business community members who have broad experience in the market, give the following suggestions:

1. Have Patience:

Unfamiliar paperwork processes, and bureaucratic procedures make business conduct somewhat slow in Egypt. Don't expect to breeze in for a week in Cairo and leave with a contract. It may take a year or more, but in the end, it is usually profitable.

2. Get Acquainted With Local Culture:

Egyptians are a proud people who trace their civilization back 5,000 years. Take time to learn the culture, and develop an appreciation for the Islamic faith. All private business leaders and most high level government officials have a good command of English. Learn as much Arabic as possible - it pleases

Egyptians if you know key phrases in Arabic ... Good Morning (Sabah El Kheir), Good Evening (Messaa El Kheir), etc.

3. Be Personable:

When you visit with a business person, don't just walk in, shake hands and get down to business. If you have previously met with the person, chat about common friends, family, children, etc.

4. Do Your Homework:

The Egyptian market is a complex and highly competitive one. A good Egyptian agent will help you a great deal in directing you to success. Find yourself a good local representative with the help of the U.S. and Foreign Commercial Service at the American Embassy or a reliable business group.

5. Remain Flexible:

The Egyptian market, like anywhere in the Middle East, is a changing one. Don't always expect the terms of a contract to remain the same during its length. Explore different markets - be flexible to change from partnership to technology transfer or royalty provisions.

6. Send Your Best:

Your top experienced executive with knowledge of the area will do a better job with the Egyptian business community. Your young, enthusiastic representative may not be as effective with the local partner, particularly in a culture which venerates age and experience.

7. Business Rules:

When doing business in Egypt, be prepared to play it in the Egyptian tradition, or you may waste your time. A few foreign firms come to Egypt and give up after a short stay. But most foreign companies, once established with a base here, find the Egyptian market a worthwhile and profitable place to do business.

TRAVEL ADVISORY AND VISAS

1. COUNTRY DESCRIPTION: Egypt is a developing country with extensive facilities for tourists.

2. ENTRY REQUIREMENTS: A passport and visa are required. For travelers arriving by air, a renewable 30-day tourist visa can be obtained at airport points of entry for \$ 15, payable in U.S. Dollars. Visitors arriving overland and by sea, or those previously experiencing difficulty with their visa status in Egypt, must obtain a visa prior to arrival. Military personnel arriving on commercial flights are not exempt from passport and visa requirements. Proof of yellow fever immunization is required, if arriving from an infected area. (Evidence of an AIDS test is required for anyone staying over 30 days.) For additional entry information, U.S. citizens can contact the Embassy of the Arab Republic of Egypt, 3521 International Court, N.W. Washington, DC 20008, Tel: 202-895-5400, or the Egyptian Consulates in San Francisco, Chicago, New York, or Houston.

3. AREAS OF INSTABILITY: Since the Mid-1990's, Egyptian extremist groups seeking to destabilize the government have attacked targets in Egypt, including Egyptian Law enforcement personnel, judicial officials, and foreign tourists. Most of these attacks have occurred in the Nile Valley governorates of Minya, Assiut, Sohag and Qena. Egyptian security and law enforcement officials increased their counter-terrorism activities and security presence during 1998, and there were fewer extremist attacks than in previous years. In 1997, extremist attacks on foreigners took place in Luxor in upper Egypt and in Cairo. There were no attacks on foreign tourists in Egypt in 1998. Because the extremists have been more active in the Nile Valley governorates of Minya, Assiut, Sohag and Qena (North of Qena City), these areas should be considered a greater risk. Therefore, prior to travel to these governorates, U.S. citizens are urged to seek advice from the Consular Section of the U.S. Embassy, licensed tour operators, and/or the tourist police authorities responsible for those areas.

The U.S. Embassy periodically receives information concerning extremists' intentions to target tourists and American interests in Egypt, including U.S. government buildings. In light of this information, we urge

Americans to be vigilant and exercise good security practices while in Egypt. (Please see Information on Crime).

4. **RESTRICTED AREAS:** Those wishing to visit areas near Egypt's frontiers, including oases near the border with Libya and off-road areas in the Sinai, must obtain permission from the travel permits department of the Ministry of the Interior, located at the corner of Sheikh Rihan and Nubar streets in downtown Cairo. Travelers should be aware of the possible dangers of off-road travel. Leftover mines from previous conflicts remain buried in several regions of the country and have caused several deaths, including deaths of Americans. As a rule, all travelers should check with local authorities before embarking on off-road travel. Because known minefields are not marked by signs but are usually enclosed by barbed wire, travelers should avoid areas enclosed by barbed wire. After heavy rains, which can cause flooding in desert areas, and the consequent shifting of land mines, travelers should avoid driving through build-ups of sand on roadways.

5. **MEDICAL FACILITIES:** There are many Western-trained medical professionals in Egypt. The U.S. Embassy in Cairo can provide a list of local hospitals and English-speaking physicians. Medical facilities are adequate for non-emergency matters, particularly in the areas that most tourists visit. Emergency and intensive care facilities are, however, limited. Facilities outside of Cairo fall short of U.S. standards. Most Nile cruise boats do not have a ship's doctor but some employ a medical practitioner of uncertain training. Hospital facilities in Luxor and Aswan are inadequate or are nonexistent at most other ports of call.

Doctors and hospitals expect immediate payment in cash for treatment. U.S. medical insurance is not always valid outside the United States. The Medicare/Medicaid program does not provide for payment of medical services outside the United States. The U.S. Embassy highly recommends that you check with your own insurance company to confirm whether your policy applies overseas, including provision for medical evacuation. Ascertain whether payment will be made to the overseas hospital or doctor or whether you will be reimbursed later for expenses that you incur. Some insurance policies also include coverage for psychiatric treatment and for disposition of remains in the event of death. Useful information on medical emergencies abroad, including overseas insurance programs, is provided in the Department of State, Bureau of Consular Affairs Brochure, "Medical Information for Americans Traveling Abroad", available via its home page and autofax service.

Beaches on the Mediterranean and Red Sea coasts are generally unpolluted. However, there is a risk of exposure to bacterial infections, hepatitis, and the parasitic disease Schistosomiasis (Bilharzia), when swimming in the Nile or canals, walking barefoot along the Nile, or drinking untreated river water. There is a low risk of exposure to exotic diseases in Egypt such as Rift Valley Fever (RVF). RVF, which flares up in parts of the country from time to time, is a mosquito-borne disease of domestic animals that can infect humans.

Properly prepared, thoroughly cooked meat in tourist hotels, Nile cruise boats, and tourist restaurants is considered safe. Eating uncooked vegetables should be avoided, because this can cause traveler's diarrhea. Tap water is not potable. Information on vaccinations and other health precautions may be obtained from the Centers for Disease Control and Prevention's International Travelers Hotline at 1-877-FYI-TRIP (877-394-8747), fax 1-888-CDC-FAXX (1-888-232-3299), or by visiting the CDC internet home page at [HTTP://WWW.CDC.GOV](http://WWW.CDC.GOV).

6. **INFORMATION ON CRIME:** The crime rate in Egypt is low. While incidents of violence are rare, purse snatching, pick-pocketing and petty theft are not uncommon. Unescorted women are vulnerable to sexual harassment and verbal abuse. Travelers and foreign residents are subject to Egyptian laws. The loss or theft of a U.S. passport abroad should be reported immediately to local police and the nearest U.S. Embassy or Consulate. Useful information on safeguarding valuables, protecting personal security and other matters while traveling abroad is provided in the Department of State pamphlets, "A Safe Trip Abroad" and "Tips for Travelers to the Middle East and North Africa". They are available from the superintendent of documents U.S. Government Printing Office, Washington, DC 20402, via the internet at

[HTTP://WWW.ACCESS.GPO.GOV/SU_DOCS](http://WWW.ACCESS.GPO.GOV/SU_DOCS), or via the Bureau of Consular Affairs Home Page at [HTTP://TRAVEL.STATE.GOV](http://TRAVEL.STATE.GOV).

7. **DRUG PENALTIES:** Travelers are subject to the laws and legal practices of the country in which they travel. Drug enforcement policies in Egypt are very strict. The death penalty may be imposed on anyone convicted of smuggling or selling marijuana, hashish, opium, LSD, or other narcotics. Law enforcement authorities prosecute and seek fines and imprisonment in cases of possession of even small quantities of drugs.

8. **CUSTOMS REQUIREMENTS:** Travelers are no longer required to convert foreign currency into Egyptian pounds upon entry. The maximum amount of Egyptian currency which can be brought in or taken out of Egypt is 1000 Egyptian pounds. Personal use items such as jewelry, laptop computers and electronic equipment are exempt from customs fees. However, computer peripherals, such as printers and modems, are subject to customs fees. For tourists, electronic equipment is annotated on their passport and the person is required to show the same items upon exiting Egypt. For residents, a deposit, refunded upon departure, may be made in lieu of customs fees. Commercial merchandises and samples require an import/export license issued by the Egyptian Ministry of Trade and Supply in Egypt prior to travel and should be declared upon arrival.

9. **PHOTOGRAPHY REQUIREMENTS:** Egyptian law allows for the imposition of duties on photographic and video equipment. Such duties are rarely imposed, however, except when large quantities of photographic equipment or expensive video equipment are brought into Egypt. Persons bringing in such items should be prepared to comply with certain customs formalities. There are restrictions on photographing military personnel and sites, bridges, and canals.

10. **DUAL NATIONALITY:** The Government of Egypt considers all children born to Egyptian fathers to be Egyptian citizens. Even if the children bear American passports, immigration officials may require proof that the father approves of their departure before the children will be allowed to leave Egypt. Americans married to Egyptians do not need their spouse's permission to depart Egypt as long as they have a valid Egyptian visa. To renew a visa, or to leave the country after a visa has expired, an American woman married to an Egyptian must present proof of the husband's consent. Dual Egyptian-American nationals may enter and leave Egypt on their U.S. passport. If a dual national resides in Egypt for extended periods, proof of Egyptian citizenship, such as a family I.D. card, is required. Male dual nationals of military age who have not completed military service are not generally required to enlist in the armed forces; however, before they can leave Egypt, they must obtain an exemption certificate through the Ministry of Defense draft office. Individuals who may be affected can inquire at an Egyptian consular office abroad before traveling to Egypt. Persons with dual nationality who travel to Egypt on their Egyptian passports are normally treated as Egyptian citizens. U.S. consular assistance to such persons is extremely limited.

11. **AVIATION SAFETY OVERSIGHT:** The U.S. Federal Aviation Administration (FAA) has assessed the government of Egypt's civil aviation authority as Category 1 in compliance with international aviation safety standards for oversight of Egypt's air carrier operations. For further information, travelers may contact the Department of Transportation within the U.S. at telephone 1-800-322-7873, or visit the FAA's website at [HTTP://WWW.FAA.GOV/AVR/IASA.HTM](http://WWW.FAA.GOV/AVR/IASA.HTM). The U.S. Department of Defense (DOD) separately assesses some foreign air carriers for suitability as official providers of air services. For international information regarding the DOD policy on specific carriers, travelers may contact the Pentagon at telephone (703) 697-7288.

12. **TRAFFIC SAFETY AND ROAD CONDITIONS:** The roads in Egypt can be hazardous, particularly at night outside of major cities, because vehicles often travel with few or no lights. Fatal accidents have occurred. Emergency and intensive care facilities are limited outside Cairo.

13. **EMBASSY LOCATION AND REGISTRATION:** U.S. citizens are encouraged to register at the U.S. Embassy in Cairo and obtain updated information on travel and security within Egypt. The U.S. Embassy

in Cairo is located on Latin America Street, Garden City, near downtown Cairo. The mailing address from the U.S. is: U.S. Embassy Cairo, APO-AE 09836-4900; from Egypt, it is 5 Latin America Street, Cairo. The telephone number is (20)(2) 355-7371. The Consular Section telephone is (20)(2) 357-2301; the Consular fax is (20)(2) 357-2472. The Consular Section E-mail address is ca-cairo@cairod.us-state.gov; consular information is also available via the Internet at <http://www.usis.egnet.net>.

The workweek in Egypt is Sunday through Thursday.

HOLIDAYS

Following lists commercial holidays that will close most Egyptian business and government offices during CY 2000:

January 1	New Year's Day
*January 8-9	Ramadan Bairam (End of Ramadan Fasting Month)
*March 19	Kurban Bairam (Pilgrimage Feast)
*April 7	Islamic New Year
April 25	Sinai Liberation Day
May 1	Labor Day
May 1	Sham El Nessim (Welcoming Spring Day)
*June 16	Moulid El Nabi (Prophet's Birthday)
July 23	National Day
October 6	Armed Forces Day

* Depends on Lunar Calendar; a difference of a day may occur. Sham El Nessim changes with Coptic calendar.

BUSINESS INFRASTRUCTURE

TRANSPORTATION

Air and Sea

Egypt is an important air terminus for the Middle East, and Cairo is served by many major airlines. Currently TWA is the only American airline serving Egypt non-stop from/to the U.S., with United involved under a code-sharing agreement with Lufthansa, Northwest with KLM, and Delta with Swissair. Other major international airlines represented in Cairo include: Air France, Alitalia, British Airways, Egypt Air, Japan Airlines, and Swissair. Shipping lines serving Ports Said and Alexandria (the largest port on the Mediterranean) are Adriatica, Farrel, Lykes, Ogden, Prudential, and American President Lines. Egypt has its own merchant fleet.

Local

Using Cairo's black-and-white taxis effectively requires some basic Arabic phrases and practice. If going to an area you do not know well, a map may help both you and the driver, who won't have one. Negotiating the fare is best done before the trip. Although taxis have meters, the official rate is so low, the obligation to pay something realistic is clear. Other variables are your familiarity with the city, the driver's demeanor and the taxi's physical attributes. Its age and size count. While newer, larger taxis command higher fares, the cost is very reasonable, much less than in the U.S.

The Cairo Metro is a light rail system, partly underground. One line is now running from al-Marg in the north through the center of the city to Maadi and on to Helwan. Another line is now running from Shoubra El Kheima, north of Cairo, to Ramses Station in the city center. A new line now runs from Tahrir Square passing by the Cairo Opera House and ending at Cairo University in Giza.

Regional

Alexandria and Cairo are connected by both the Western Desert Highway, a high-speed toll road and the busier Delta Road. Buses take 3-1/2 hours, with a rest stop. A non-stop Turbino train takes just over 2 hours.

LANGUAGE/COMMUNICATIONS

Arabic is the common language. Colloquial Cairene Arabic is expressive and rich in words of Coptic, European and Turkish origins. The written language differs from the spoken. Modern standard Arabic, based on the language of the Koran, is heard on radio, TV, and in formal speeches.

About 90% of Egyptians are Muslim and Islam is the state religion. Most others are Christian, either Copts, Greek Orthodox, Roman Catholic, or Anglican Protestants. Indigenous minorities include four to six million Copts, Nubians, Bedouin and a small Jewish community. Coptic has remained the liturgical language of the Coptic Church.

HOUSING

Representative costs (per month) for acceptable furnished housing in Cairo and Alexandria are indicated below:

2 bedroom apartment	\$1,500 and up
3 bedroom apartment	\$2,000 and up
4 bedroom apartment	\$3,200 approx.
5 bedroom apartment	\$4,700 approx.
Villa/house	\$5,200 and up

Egyptian law allows a landlord to charge higher rents if apartments are "furnished;" therefore, almost all rental units are of this type. However, the amount and quality of furnishings vary greatly. Kitchen equipment and appliances provided often are inadequate. Landlords prefer to rent their premises "furnished" even if only minimally so, and may insist on keeping some items in the apartment or villa for legal reasons.

Rent deposits of one month may be required for short-term leases (six months or under). Landlords often require an advance payment of one year's rent for leases of one year or more rather than a security deposit.

FOOD

Egyptian cuisine features a wide variety of vegetables, fruits, grains, breads and pastas, both domestic and imported. The primary meat products are chicken, beef and lamb. For religious reasons, pork and products containing pork are sold only in special shops. Popular beverages are hot tea (sweetened and often served in a glass), Turkish coffee, fresh fruit beverages and carbonated drinks. Local and imported bottled water, both still and sparkling, is available, as are locally produced wine and beer.

Resources for Travelers

U.S. business travelers are encouraged to obtain a copy of the "Key Officers of Foreign Service Posts: Guide For Business Representatives" available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402; Tel: (202) 512-1800; Fax: (202) 512-2250. Business travelers to Egypt seeking appointments with U.S. Embassy Cairo officials should contact the Commercial Section in advance. The commercial section may be reached by telephone at (202-357-2340), fax at (202-355-8368), or email at: (cairo.office.box@mail.doc.gov).

CHAPTER X. APPENDICES

Appendix A: Country Data

Population:	62.6 million
Population Growth rate:	1.9
Religions:	Muslim 90% - Christian 10%
Government System:	Presidential/Parliamentarian
Languages:	Arabic
Work Week:	Saturday - Thursday

Appendix B: Domestic Economy, US\$ billions

FY96/97	FY97/98	FY98/99**		
GDP (current prices)***	75.5	82.4	89.77	
GDP real growth rate (%)	5.3	5.0	6-8	
GDP/Capita US\$	1260	1310	1430	
Government Spending/GDP (%)*	26.1	25.3	24.4	
Fiscal deficit/ GDP *	0.9	1.0	1.0	
Inflation (percent)	6.2	4.2	4.0	
Unemployment (%) ***	8.8	8.3	N/A	
Average Tariff Rate *	16.15	15.35	15	
Maximum Tariff Rate *	50	40	40	
Foreign Exchange Reserves	20.2	20.3	19.3	
Reserves/months of imports	15.7	14.3	13.4	
Avg. Exch. Rate for US\$1.00	3.39	3.39	3.41	
Debt service ratio (%)	10.7	6.7	7.7	
Total Foreign debt/GDP	38.4	34	33.2	
U.S. assistance	2.115	2.115	2.075	

* Ministry of Finance

** projections, Ministry of Economy

*** Ministry of Planning

Appendix C: Trade US\$ millions

	1997	1998	1999***
Total Egypt Exports	4930	5128.4	2110.9
---Total Egypt exports of petroleum and related products	2449	1236	483
Total Egypt Imports	14718	16899	8287.4
---Total Egypt imports of petroleum and related products	1588	1123	N/A
Egypt's Trade Deficit		9788	11770.6 6176.5
U.S. Exports to Egypt **	3840	3060	425.3
U.S. Imports from Egypt **		694.9	698.6 93.5
Egypt's Trade Balance with the U.S.	-3145.1 -2361.4 -331.8		

* Egypt figures are on fiscal year (June-July) and U.S. figures are calendar year.

** Figures for 1999 U.S. Trade with Egypt is for January-February 1999.

*** Figures for 1999 are as 2nd quarter of FY98/99

Source: Egypt figures are based on CBE Statistics
 U.S. figures are based on the Department of Commerce Statistics

Appendix D: Investment Statistics US\$ billions

1997	1998	1999	
Total FDI stock (Arab and Non-Arab investment excluding Petroleum)*	6.5	6.745	
FDI increase from previous year (flow in one year)	2.19	0.245	
Total foreign investment in the petroleum sector (stock) **	1.628	2.0128	N/A
Total U.S. FDI (excluding petroleum)(stock) *	0.707	0.543	
Total U.S. investment in petroleum (stock) **	0.631	0.576	N/A
Total U.S. FDI according to U.S. Government figures (stock)	1.6	N/A	N/A

* GAFI Statistics

** Ministry of Petroleum Statistics

Sources: Official U.S. and Egypt government figures and international Financial Statistics.

APPENDIX E. U.S. AND EGYPTIAN CONTACTS

(Note: From the United States, dial international long-distance access, then Country Code: 20, and City Code: 2 for Cairo, or 3 for Alexandria. When dialing from within Egypt, dial 02 for Cairo, 03 for Alexandria.)

U.S. CONTACTS IN EGYPT:

American Chamber of Commerce in Egypt
 Mr. Mohammed Mansour/President
 33 Soliman Abaza St., Mohandessin, Cairo
 Tel: 338-1050, Fax: 338-1060
 Email: [Hyperlink Mailto:Info@Amcham.Org.Eg](mailto:Info@Amcham.Org.Eg)?Info@amcham.org.eg?

American Chamber of Commerce in Alexandria
 Ms. Reem Rostom/Assistant Manager
 36 Bani Abbas St., Alexandria, Egypt
 Tel: 482-9904, Fax: 492-2861

American Mideast Educational & Training Services, Inc. (AMIDEAST)
 Mrs. Elizabeth B. Khalifa/Country Director
 23 Mossadak St., Dokki, Giza
 Tel: 337-8265, Fax: 355-2946

American Research Center in Egypt (ARCE)
 Mr. Mark Easton/Director
 2 Kasr El Doubara Sq., Garden City, Cairo
 Tel: 354-8239, Fax: 355-3052

American University in Cairo (AUC)
 Mr. Frank E. Vandiver, Acting President
 113 Kasr El Aini St., Cairo
 Tel: 354-2964 (9 lines), Fax: 355-7565

CARE
 Mr. Earl Goodyear/Country Director
 18 Hoda Sharaawi St., 1st Fl., Cairo
 Tel: 393-5262, Fax: 393-5650

Catholic Relief Services (CRS)
 Mr. John Connolly/Country Rep.
 13 Ibrahim Naguib St., 1st Fl., Garden City, Cairo
 Tel: 354-1360, 356-0091, Fax: 355-8034

Ford Foundation
 Dr. Humphrey Davies/Regional Rep. for Middle East & North Africa
 1 Osiris St., Garden City, Cairo
 Tel: 355-2121, 354-4450, 354-9635, Fax: 355-4018

Fulbright Commission
 Ms. Ann B. Radwan/Executive Director
 1081 Corniche El Nil St., Belmont Bldg., Cairo
 Tel: 354-4799, 354-8679, Fax: 355-7893

Community Services Association (CSA)
 Ms. Stephanie Frasher, Executive Director
 4 Road 21, Maadi
 Tel: 350-0764, Fax: 376-8319

Int'l Executive Service Corps. (IESC)
 Mr. Spencer King/Chief of Party
 Al Boustan Commercial Center, Suite 1, 10th Fl.
 Al Boustan St., Bab El Louk, Cairo
 Tel: 390-3232, Fax: 390-2929

Project Hope
 Dr. Hoda Zaki/Program Director
 86 Mohi El Din Aboul Ezz St., Mohandessin, Cairo
 Tel: 348-0915, 360-6295, Fax: 360-6295

Women's Association
 21 Boulos Hanna St., Dokki, Cairo
 Tel: 360-3457

EGYPTIAN GOVERNMENT CONTACTS

H.E. Dr. Kamal El Ganzouri, Prime Minister & Minister of Planning
 Magles El Shaab St., Kasr El Aini St., Cairo
 Tel: 391-0008, 390-9749, Fax: 390-8159

Ministry of Planning
 H.E. Mr. Zafer El Beshri, Minister of State for Planning & International Cooperation
 Salah Salem Road, Nasr City, Cairo
 Tel: 401-4615, 602-935, 601-215, 601-416, Fax: 263-4747

Ministry of Agriculture, Animal & Fish Wealth & Land Reclamation
H.E. Dr. Youssef Amin Wally, Deputy Prime Minister & Minister
Nadi El Seid St., Dokki, Giza
Tel: 702-677, 702-596, 702-758, Fax: 703-889, 704-660

Ministry of Social Affairs and Insurance
H.E. Mrs. Mervat El Tallawi, Minister
El Sheikh Rihan St., Bab El Louk, Cairo
Tel: 354-2900, Fax: 917-799

Ministry of Transport, Communications and Civil Aviation
H.E. Eng. Suliman Metwalli, Minister
105 Kasr El Aini St., Cairo
Tel: 354-3623. Fax: 355-5564

Ministry of Electricity and Energy
H.E. Eng. Mohamed Maher Abaza, Minister
Abbassia, Nasr City, Cairo
Tel: 261-6299, 261-6514, 261-6317, Fax: 261-6302

Ministry of Information
H.E. Mr. Safwat El Sherif, Minister
Maspero, Corniche El Nil, Cairo
Tel: 747-193, 749-394, 747-416, Fax: 757-144

Ministry of Foreign Affairs
H.E. Mr. Amre Moussa, Minister
Maspero, Corniche El Nil, Cairo
Tel: 354-1414, 354-2215, Fax: 354-6285

Ministry of Supply and Trade
H.E. Mr. Ahmed El Goweily, Minister
99 Kasr El Aini St., Cairo
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Ministry of Finance
H.E. Mr. Mohi Eddin El Ghareib, Minister
Lazoughly Square, Justice & Finance Bldg., Cairo
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Ministry of Awqaf (Religious Trusts)
H.E. Dr. Hamdi Zakzouk, Minister

Sabry Abou Alam St., Bab El Louk, Cairo
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Ministry of Justice
H.E. Counselor Farouk Seif El Nasr, Minister
Lazoughly Square, Justice & Finance Bldg., Cairo
Tel: 355-1176, 355-7592, 355-8103, Fax: 355-8103

Ministry of Culture
H.E. Mr. Farouk Hosni, Minister
2 Shagaret El Dor St., Zamalek, Cairo

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Ministry of Cabinet Affairs

H.E. Mr. Talaat Hammad, Minister

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Tel: 354-1722, Fax: 355-6306

Ministry of Rural Development

H.E. Dr. Mahmoud El Sherif, Minister

4 Shooting Club St., Dokki, Cairo

Tel: 349-7470, 349-7656, Fax: 349-7785

Ministry of Education

H.E. Dr. Hussein Kamel Baha El Din, Minister

4 Ibrahim Naguib St., Garden City, Cairo

Tel: 355-7952, 355-2155, 354-6039, 356-8396, Fax: 356-2952, 354-2163

Ministry of Higher Education & Scientific Research

H.E. Dr. Mufid Shehab, Minister

4 Ibrahim Naguib St., Garden City, Cairo

Tel: 355-7952, 355-2155, 354-6039, 356-8396, Fax: 356-2952, 354-2163

Ministry of Petroleum

H.E. Dr. Hamdi Al Banbi, Minister

El Mokharryam El Da'em St., Nasr City, Cairo

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Ministry of Interior

H.E. Gen. Habib El Adly, Minister

El Sheikh Rihan St., Bab El Louk, Cairo

Tel: 354-5897, 354-8307, 355-7500, Fax: 355-7792

Ministry of Economy

H.E. Dr. Youssef Boutros Ghali, Minister

8 Adly St., Cairo

Tel: 390-6796, 390-6804, 391-9661, Fax: 390-3029

Ministry of Reconstruction, Housing & New Urban Communities

H.E. Dr. Mohamed Ibrahim Soliman, Minister

1 Ismail Abaza St., off Kasr El Aini, Cairo

Tel: 354-0419, 355-3320, 355-7978, Fax: 355-7836

People's Assembly & Shura Council Affairs

H.E. Mr. Kamal Al Shazli, Minister

Magles El Shaab St., Cairo

Tel: 354-3000, 354-3116, Fax: 354-8977

Ministry of Tourism

H.E. Dr. Mamdouh El Beltagi, Minister

Abassia Square, Borg Misr Travel, Cairo

Tel: 282-8457, 282-8456, 282-9778, Fax: 282-8771

Ministry of Water Resources & Public Works

H.E. Mahmoud Abu Zaid, Minister

El Nil St., Embaba, Cairo

Tel: 354-5884, 354-1478, Fax: 355-8008

Ministry of Health & Population
H.E. Dr. Ismail Sallam, Minister
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Ministry of Industry & Mineral Wealth
H.E. Eng. Soliman Reda, Minister
2 Latin America St., Garden City, Cairo
Tel: 354-3600, 355-7034, 355-4826, Fax: 354-8362

Ministry of Defense & Military Production
H.E. Field Marshal Mohamed Hussein Tantawi, Minister
5 Ismail Abaza St., Cairo
Tel: 355-3063, 354-7487, Fax: 354-8739

Ministry of Defense & Military Production
H.E. Dr. Mohamed El Ghamrawi Dawoud, Minister of State for Military Production
23 July St., Kobri El Kobba, Cairo
Tel: 263-5681, Fax: 291-6227, 824-086

Ministry of Manpower & Immigration
H.E. Mr. Ahmed Ahmed El Ammawi, Minister
3 Youssef Abbas St., Nasr City, Cairo
Tel: 260-9362, 260-9363/4

Ministry of Public Enterprises
H.E. Dr. Atef Ebeid, Minister
Magles El Shaab St., Cairo
Tel: 355-8026, 355-0164, Fax: 355-3606

Ministry of Environmental Affairs
H.E. Nadia Riad Makram Ebeid, Minister
30 Misr Helwan Agricultural Road, Behind Sofitel Hotel, Maadi, Cairo
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Cairo Governorate
H.E. Mr. Abdel Rehem Shehata, Governor of Cairo
Abdin, Cairo
Tel: 590-8591, 593-7050

Alexandria Governorate
H.E. Mr. Mohamed Abdel Salam Mahgoub, Governor of Alexandria
Alexandria
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EGYPTIAN GOVERNMENT AGENCIES

Arab Organization for Industrialization (AOI)
Ret. Marshal Salah Halaby, Chairman
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 Ministry of Transport, Communications & Civil Aviation
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Central Agency for Public Mobilization & Statistics (CAPMAS)
 Mr. Ahab Elwy, President
 Salah Salem St., Nasr City, Cairo
 Tel: 402-4110, 402-3191, Fax: 604-099

Capital Market Authority

Dr. Mohamed Hassan Fag El Nour, Chairman
 20 Emad El Din St., Cairo
 Tel: 777-774, 762-626, Fax: 575-5339

Central Bank of Egypt
 Dr. Ismail Hassan, Governor
 31 Kasr El Nil St., Cairo
 Tel: 392-3679, 392-6211, 393-1514, Fax: 392-5045

Customs Authority
 Mr. Ali Taha Mahmoud, Director General
 4 El Tayaran St., Nasr City, Cairo
 Tel: 260-5710, 604-402, 608-683, Fax: 261-2672

Taxation Authority
 Mr. Fathy Abdel Baki, Chairman
 5 Hussein Hegazi Street, Cairo
 Tel: 355-7784

Sales Tax Authority
 4 El Tayaran St., Nasr City, Cairo
 Tel: 260-7500/1, Fax: 260-7501

Egyptian Tourist Authority (ETA)
 Mr. Sayed Aly Moussa, Chairman
 Misr Travel Bldg., Abbassia, Cairo
 Tel: 482-0283, Fax: 483-0844

New Community Authority
 Mr. Sarwat Nashed, Vice Chairman
 Housing Bldg., 1 Ismail Abaza St., Cairo
 Tel: 355-7978/3320, Fax: 355-7836

Egyptian General Petroleum Corp. (EGPC)
 Eng. Abdel Khalek Ayad, Chairman
 Palestine St., 4th Sector, New Maadi, Cairo
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General Authority for Export & Import Control (GOEIC)
 Mr. Fakhr Eldin Aboul Ezz, Chairman
 Atlas Building, El Sheikh Maarouf & 1 Ramses Street, Cairo
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General Authority for Investment & Free Zones (GAFI)

Dr. Ibrahim Fawzi, Executive Director
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General Authority for Int'l Fairs & Exhibitions (GOIEF)
Mr. Mohamed Said Saleh, Chairman
Fair Grounds, Nasr City, Cairo
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General Organization for Industrialization (GOFI)
Eng. Mohamed Mahmoud Farag Abdel Wahab, Chairman
6 Khalil Agha St., Garden City, Cairo
Tel: 354-0678, 354-4640, 355-7005, Fax: 354-4984

Immigration & Egyptians Abroad Administration
Behind the Tirsana Sporting Club
Sahafeyeen, Cairo
Tel: 303-4438, 303-4439, Fax: 303-6433

Public Enterprise Office
Mr. Fouad Abdul Wahab, Director
2 Latin America St., 6th Fl., Garden City, Cairo
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Stock Exchange
Mr. Sherif Wahid Rafaat, Director
El Borsa St., Downtown, Cairo
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Egyptian Radio & TV Union (ERTU)
Mr. Abdel Rahman Hafez, President
TV Bldg., Corniche El Nil, Cairo
Tel: 749-508, 760-454, Fax: 574-6989

Social Fund for Development
Mr. Hussein El Gammal, President
Hussein Hegazy St. & Kasr El Nil Sts., Cairo
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Information & Decision Support Center (IDSC)
Dr. Hisham El Sherif, Chairman
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General Authority for Supply Commodities
Mr. Samir El Shakankiri, Vice Chairman
99 Kasr El Aini St., Cairo
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Egyptian Environmental Affairs Agency (EEAA)
Dr. Ibrahim Abdel Gelil, Chairman
30 Misr Helwan Agricultural Road, behind Sofitel Hotel, Maadi, Cairo
Tel: 375-3215, Fax: 378-4285

Egyptian Export Promotion Center (EEPC)
 Mr. Hamdi Salem, Executive Director
 106 Gameat El Dowal El Arabia St., 5th Fl., Mohandessin, Giza
 Tel: 349-3919/20/21/22, 700-037, 348-4056, Fax: 348-4142

Egyptian Export Promotion Association
 Mr. Galal El Zorba, Chairman
 14 Geziret El Arab St., Mohandessin, Cairo
 Tel: 345-4277, Fax: 345-4523

Commercial Representation Office
 Mr. Ahmed Khaled Hamdy, Chairman
 96 Ahmed Orabi St., Mohandessin, Cairo
 Tel: 347-1892/3/4/5/6, Fax: 345-1840

Suez Canal Authority
 Marshall Ahmed Ali Fadel, Chairman
 6 Lazoghly St., Garden City, Cairo
 Tel: 354-0749/8/6

EgyptAir
 Eng. Mohamed Fahim Rayyan, Chairman
 Cairo Int'l Airport, Cairo
 Tel: 245-4400/5099/0270, 290-9787, 267-4500, Fax: 418-3715

EGYPTIAN TRADE ASSOCIATIONS/CHAMBERS OF COMMERCE

I. EGYPTIAN TRADE ASSOCIATIONS:

ALEXANDRIA BUSINESS ASSOCIATION (ABA)
 Mr. Mohamed Ragab, President
 C/O Ragab Exp. & Imp. Co.
 18 Avenue El Horria St.

Alexandria, Egypt
 Tel: 20-3-482-5518, Fax: 20-3-482-9576

ASSIUT BUSINESS ASSOCIATION (ASBA)
 Mr. Shokry Ageeb, Chairman
 Al Shark Insurance Tower, El Geish St.
 Assiut, Egypt
 Tel: 20-88-341-766, Fax: 20-88-341-755

BORG EL ARAB BUSINESS ASSOCIATION
 Eng. M. Faragalla Amer
 First Industrial Zone
 Borg El Arab, Egypt
 Tel: 20-3-974-040, 545-0200, Fax: 20-3-546-5200, 546-4855

MANSOURA BUSINESSMEN ASSOCIATION
 Mr. Samir El Gamal, Chairman
 Dakahlia Governorate
 Mobil Oil Station, Sabry Abu Alam St.
 Mansoura, Egypt
 Tel: 20-50-332-347, 328-711, Fax: 20-50-332-348

EGYPT-U.S. BUSINESS COUNCIL

Eng. Hussein Sabbour, President
 21 Giza St., Nile Tower Bldg.
 Giza, Egypt
 Tel: 20-2-573-6030, Fax: 20-2-573-7258

EgyptÆs International Economic Forum

Ms. Nadia M. Lamloum, Manager,
 Semiramis InterContinental Hotel, Suite 405
 Tel: 20-2-357-1761, Fax: 20-2-357-1757

EGYPTIAN AMERICAN FRIENDSHIP ASSOCIATION

Dr. Ibrahim Fawzi, President
 83 Ramsis St., Fl. 2
 Cairo, Egypt
 Tel: 20-2-575-2211, 391-5627, Fax: 20-2-390-7315, 395-3322

EGYPTIAN EXPORT PROMOTION CENTER (EEPC)

Dr. Hamdi Salem, Executive Director
 106 Gameat El Dowal El Arabia St., 5th Fl., Mohandessin
 Giza, Egypt
 Tel: 20-2-349-3919/20/21, Fax: 20-2-348-4142

EGYPTIAN EXPORT PROMOTION ASSOCIATION

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 14 Geziret El Arab St., Mohandessin
 Cairo, Egypt
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EGYPTIAN BUSINESSMEN ASSOCIATION (EBA)

Mr. Taher El Sherif, Secretary General
 21 Giza St., Nile Tower
 Giza, Egypt
 Tel: 20-2-573-6030, Fax: 20-2-573-7258

EGYPTIAN SMALL ENTERPRISE DEVELOPMENT ASSOCIATION (ESED)

Mr. Hussein Enan, Chairman
 13 Salem Salem St., El Agouza
 Giza, Egypt
 Tel: 20-2-336-3980, 336-3982, 336-3984, Fax: 20-2-336-3985

EGYPTIAN JUNIOR BUSINESSMEN GROUP

Mr. Hassan Abdalla or Mr. Hatem Khater
 2 Sherif St., El Lewa Bldg., 5th Fl., Apt. 58
 Cairo, Egypt
 Tel: 20-2-392-4089, 393-2203, Fax: 20-2-392-4089

EGYPTIAN FEDERATION FOR CONSUMER PROTECTION ASSOCIATIONS (EFCA)

Prof. Hassan Gemei, Secretary General
 Faculty of Law, Cairo University
 14 Nagi Farid St., off Mohiedin Aboulezz, Mohandessin
 Cairo, Egypt
 Tel/Fax: 20-2-360-1558, 336-8442

SADAT CITY BUSINESS ASSOCIATION

Mr. Ahmed Ezz, President
 8 El Sad El Aali St., Dokki
 Cairo, Egypt
 Tel: 20-2-360-0150/7355, 049-201-614, 202-929

SHARKEYA BUSINESS ASSOCIATION (SBA)
 Mr. Hamdy El Koronfoly, Chairman

El Galaa St.
 Zagazig, Egypt
 Tel: 20-55-326-407, 349-981, 326-408, Fax: 20-55-328-308

SIXTH OF OCTOBER INVESTORS UNION
 Mr. Hani Serour, Chairman
 6th of October, First Industrial Zone
 Giza, Egypt
 Tel: 20-22-231-590/1/2, 20-11-332-555/330-220, Fax: 20-11-231-593

SMALL ENTERPRISE DEVELOPMENT ASSOCIATION (SEDA)
 Mr. Ali Ali Soliamn, Chairman
 El Bareed Bldg., El Geish & Mohamed Mahmoud St.
 Port Said, Egypt
 Tel: 20-66-336-452, 336-453, Fax: 20-66-336-454

TENTH OF RAMADAN BUSINESS ASSOCIATION
 Mr. Mahmoud Soliman, Chairman
 10th of Ramadan City
 District 9, PO Box 73
 Cairo, Egypt
 Tel: 20-15-340-1508/340-5885, Fax: 20-15-363-614

THE EGYPTIAN EXPORTERS ASSOCIATION (EXPOLINK)
 23 El Esraa St., Mohandessin, Cairo
 Tel: 20-2-346-1482, Fax: 20-2-345-0783
 Mr. Nagui El Fayoumi, Executive Director

II. EGYPTIAN CHAMBERS OF COMMERCE
 (Affiliated with the Federation of Egyptian Chambers of Commerce)

FEDERATION OF EGYPTIAN CHAMBERS OF COMMERCE
 Mr. Mahmoud El Araby, President
 4 Falaky Square
 Cairo, Egypt
 Tel: 20-2-355-1136/1164/1813, 395-8041/2, Fax: 20-2-355-7940, 395-8043

ALEXANDRIA CHAMBER OF COMMERCE
 Mr. Mostafa Yakout EL Naggat, President
 31 Chamber of Commerce Street
 Alexandria, Egypt
 Tel: 20-3-480-8434, 480-8355, Fax: 480-8993

ASSIUT CHAMBER OF COMMERCE
 Mr. Aly Abdel Rahman El Sayed, President
 El Khidewi Ismail Street
 Assiut, Egypt

Tel: 20-88-3220-82

ASWAN CHAMBER OF COMMERCE

Mr. Mohamed Taher Rizk, President

Abtal El Tahreer Street

Aswan, Egypt

Tel: 20-97-323-084, 322-983

BENI SUEF CHAMBER OF COMMERCE

Mr. Said Abdel Aziz Abdel Ghani, President

Rayad Street

Beni Suef, Egypt

Tel: 20-82-322-094, 322-090, 323-489

CAIRO CHAMBER OF COMMERCE

Mr. Kamal Hafez Ramadan, President

4 Midan El Falaki

Cairo, Egypt

Tel: 20-2-355-8261/2, Fax: 20-2-356-3603

DAKAHLEYA CHAMBER OF COMMERCE

Mr. Mohamed El Khouly, President

El Bahr St., Midan Saleh Ayoub

El Mansoura, Egypt

Tel: 20-50-322-720, 320-670, Fax: 20-50-320-670

DAMIETTA CHAMBER OF COMMERCE

Mr. Mostafa Kamal Arafi, President

Saad Zaghloul Street

Damietta, Egypt

Tel: 20-57-322-799, 323-177, 322679, Fax: 20-57-320-632

EL WADI EL GEDID CHAMBER OF COMMERCE

Eng. Gad Mohamed Hamedallah, President

El Khargah, Egypt

Tel: 20-88-901-528

EL ARISH CHAMBER OF COMMERCE

Mr. Mohamed Hamdy Gouda, President

El Saha El Shabiya St., El Arish

Sinai, Egypt

Tel: 20-64-340-327

EL MENIA CHAMBER OF COMMERCE

Mr. Salah El Guindi, President

El Tegara Street

El Menia, Egypt

Tel: 20-86-323-232, Fax: 20-86-323-232

EL FAYOUM CHAMBER OF COMMERCE

Mr. Ahmed Abdel Maksoud Elmeligi, President

El Nadi El Reyadi Street

El Fayoum, Egypt

Tel: 20-84-322-148, 323-439

EL KALIOBIA CHAMBER OF COMMERCE

Mr. Mohamed Abdel Latif Elkeshk, President
 El Moderia Street, Midan Saad Zaghloul
 Banha, Egypt
 Tel: 20-13-323-177

EL MENOFIA CHAMBER OF COMMERCE

Mr. Abdel Alim Abdel Maksoud Arafa, President
 Sidy Fayed Street
 Shebeen El Koum, Egypt
 Tel: 20-48-321-511, 32-916, 321-718

EL BEHEIRA CHAMBER OF COMMERCE

Mr. Fouad Ahmed Ellakkani, President
 Midan El Seah, El Gomhouria St.
 Damanhour, Egypt
 Tel: 20-45-322-207

EL GIZA CHAMBER OF COMMERCE

Mr. Salah Taha Osman, General Manager
 6 El Ghorfa El Tegarya St.
 Giza, Egypt
 Tel: 20-2-572-1761, Fax: 20-2-568-3971

GHARBEYA CHAMBER OF COMMERCE

Eng. Aly Mohamed Ahmed, President
 Said Pasha Street
 Tanta, Egypt
 Tel: 20-40-324-090, 33-203, Fax: 20-40-323-793

ISMAILIA CHAMBER OF COMMERCE

Mr. Mohi Shorba, President
 163 Saad Zaghloul St.
 Ismailia, Egypt
 Tel: 20-64-221-663, 228-700, 225-380, Fax: 20-64-322-515

KAFR EL SHEIKH CHAMBER OF COMMERCE

Mr. Ibrahim Ahmed El Attar, President
 El Zawy Bldg.
 Kafr El Sheikh, Egypt
 Tel: 20-47-322-916

KENA CHAMBER OF COMMERCE

Mr. Ismail Youssef Weshahy, President
 El Gamil Street
 Kena, Egypt
 Tel: 20-96-322-690, 322-656

MATROUH CHAMBER OF COMMERCE

Mr. Mousa Abdel Galil Khoweir, President
 Marsa Matrouh, Egypt
 Tel: 20-3-935-864, 943-819, 943-887

PORT SAID CHAMBER OF COMMERCE

Mr. Mohamed Abdel Fattah Elmasri, President

Benayet Souk El Goumla
 Port Said, Egypt
 Tel: 20-66-222-733, 236-141, Fax: 20-66-236-141

SHARKIA CHAMBER OF COMMERCE
 Mr. Abdel Samie El Akkad, President
 El Montaza Street
 El Zagazig, Egypt
 Tel: 20-55-322-423, 322-329, 323-332, Fax: 20-55-349-744

SOHAG CHAMBER OF COMMERCE
 Mr. Elhusseiny Mohamed Elkhayat, President
 El Kesaria El Sharki Street
 Sohag, Egypt
 Tel: 20-93-323-036

SUEZ AND SOUTH SINAI CHAMBER OF COMMERCE
 Mr. Nabil Sorial, President
 47 Salah Eldin Elayoubi St.
 Suez, Egypt
 Tel: 20-62-227-783

THE RED SEA CHAMBER OF COMMERCE
 Mr. Sidi Ahmed Ibrahim, President
 Old City Council Bldg.
 Hurghada, Egypt
 Tel: 20-62-440-761

III. OTHER CHAMBERS OF COMMERCE IN EGYPT

AMERICAN CHAMBER OF COMMERCE IN ALEXANDRIA
 Ms. Reem Rostom, Asst. Manager
 36 Bani Abbas
 Alexandria, Egypt
 Tel: 20-3-482-9904, Fax: 20-3-492-2861

AMERICAN CHAMBER OF COMMERCE IN EGYPT
 Mr. Mohamed Mansour, President
 33 Soliman Abaza St., Zamalek
 Cairo, Egypt
 Tel: 20-2-338-1050, Fax: 20-2-338-1060

GERMAN-ARAB CHAMBER OF COMMERCE IN EGYPT
 3 Abul Feda St., Zamalek
 Cairo, Egypt
 Tel: 20-2-341-3664, Fax: 20-2-341-3663

GREEK-ARAB CHAMBER OF COMMERCE IN EGYPT
 17 Soliman El Halabi St.
 Cairo, Egypt
 Tel: 20-2-392-1190, Fax: 20-2-392-4970

ITALIAN-ARAB CHAMBER OF COMMERCE IN EGYPT
 33 Abdel Khalek Sarwat St.
 Cairo, Egypt
 Tel: 20-2-392-2275, Fax: 20-2-391-2503

JAPANESE FOREIGN TRADE ORGANIZATION
56 Gameat El Dowal El Arabia St., Mohandessin
Cairo, Egypt
Tel: 20-2-574-1111, Fax: 20-2-756-966

EGYPTIAN CHAMBERS OF INDUSTRIES
(Members of the Federation of Egyptian Industries)

FEDERATION OF EGYPTIAN INDUSTRIES
Dr. Abdel Moneim Seoudi, Chairman
11 Akaba St., Dokki, In Front of El Tahrir Cinema
Cairo, Egypt
Tel: 20-2-392-8366/19/17, 348-7909, Fax: 20-2-348-8502

CHAMBER OF BUILDING MATERIALS INDUSTRIES
Mr. Samir Allam, President
23 Sherif St.
Cairo, Egypt
Tel: 20-2-392-8820

CHAMBER OF CEREALS & PRODUCTS INDUSTRIES
Mr. Mahmoud Ghanem Diab, President
65 El Horria Avenue
Alexandria, Egypt
Tel: 20-3-491-6121, Fax: 20-3-491-6121

CHAMBER OF CHEMICAL INDUSTRIES
Mr. Mohamed Adel El Mouzy, President
5 El Tolombat St., Garden City
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Tel: 20-2-356-2633, 355-4006, Fax: 20-2-356-4597

CHAMBER OF CINEMA INDUSTRY
Mr. Monib Mahmoud Shafei, President
33 Orabi St.
Cairo, Egypt
Tel: 20-2-741-677, 741-638, Fax: 20-2-751-583

CHAMBER OF ENGINEERING INDUSTRIES
Eng. Aly Fahmy El Sawah, President
13 Sherif St.
Cairo, Egypt
Tel: 20-2-393-8904, Fax: 20-2-392-1238

CHAMBER OF FOOD INDUSTRIES
Eng. Shafik Mohamed El Boghdadi, President
4 Gamal Eldin Aboul Mahasen St., Garden City
Cairo, Egypt
Tel: 20-2-356-0612, 356-0659, Fax: 20-2-354-9502

CHAMBER OF LEATHER INDUSTRY
Mr. Kamal Eldin Hafez Ramadan, President
26a Sherif St., Immobilia Bldg., 2nd Floor
Cairo, Egypt
Tel: 20-2-393-8294, Fax: 20-2-392-8140

CHAMBER OF METALLURGICAL INDUSTRIES

Dr. Abdel Baset El Sibaiy, President
 13 Sherif St.
 Cairo, Egypt
 Tel: 20-2-392-8238, Fax: 20-2-392-1238

CHAMBER OF PETROLEUM & MINING

Mr. Hamed Hassanein Amer, President
 26a Sherif St.
 Cairo, Egypt
 Tel: 20-2-392-6462

CHAMBER OF PRINTING, BINDING AND PAPER PRODUCTS

Mr. Ahmed Atef Abdel Rahman, President
 19 Mariet St., Abdel Moneim Riad Sq., El Tahrir
 Cairo, Egypt
 Tel: 20-2-578-6709, Fax: 20-2-575-0419

CHAMBER OF TANNING, LEATHER & FUR INDUSTRIES

Mr. Mamdouh Thabet Mekki, President
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(EGYPTIAN TEXTILE MANUFACTURERS FEDERATION "ETMF")

Mr. Galal Abdel Maksoud Zorba, President
 14 Geziret El Arab St., Mohandessin
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CHAMBER OF WOODWORKING INDUSTRIES

Mr. Redalla Helmy, President
 23 Sherif St., 2nd Floor
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Tarek Nour Communications
 Mr. Tarek Nour
 32H Radwan Ibn Tabib St., Giza, Cairo
 Tel: 573-0855, 573-0602, Fax: 573-3550

Fiani & Partners

Mrs. Josse Dorra Fiani
 143 Tahrir Street, Dokki, Cairo
 Tel: 348-7353/54/55/56, Fax: 348-5204

Intermarkets Advertising

Mr. Galal Zaki
 42 Abdel Moneim Riad Street, Dokki, Cairo
 Tel: 360-3017/8, Fax: 360-3019

International Business Associates (IBA)

Mrs. Ann Marie Harrison, Chairman

1079 Corniche El Nil, Garden City, Cairo
Tel: 357-1312, 357-1372, 357-1300, Fax: 357-1317, 357-1318

Marketeers

52 Youssef Abbas St., Nasr City, Cairo
Tel: 262-2810, Fax: 262-2810

Middle East Marketing Research Bureau
21 Dr. Mohamed Gomaa St., Heliopolis, Cairo
Tel: 240-1799, Fax: 249-7099

RAC

39 Gameat El Dowal El Arabia St., Mohandessin, Cairo
Tel: 360-4851, Fax: 360-8439

Rada Research & Public Relations Co.

Mrs. Loula Zaklama
1 Mostafa El Wakil Street, Heliopolis, Cairo
Tel: 291-7956, 291-5437, Fax: 291-7563

Research & Advertising Consultants

Dr. Sami Abdel Aziz
30 Gameat Al Dowal Al Arabia St., Mohandessin, Cairo
Tel: 360-8439, Fax: 360-8415

Shortcuts - Institutional Business Development

Ms. Lamia Hamdy, Managing Director
39, Iraq Street, Mohandessein, Cairo
Tel: 336-7355, Fax 338-2370

Transcentury

Mr. Anis Aclimandos
20 Adly Street, Kodak Passage, Cairo
Tel: 393-6425, 393-9038, Fax: 393-6425

Wafai and Associates

El Forsan Bldg., behind Sheraton Heliopolis, Bldg. A, Heliopolis, Cairo
Tel: 267-6681/2, Fax: 266-9263

COMMERCIAL BANKS

See complete list of banks under Chapter VIII.

U.S. EMBASSY TRADE PERSONNEL

The Commercial Service

American Embassy Cairo
Bobette Orr, Counselor for Commercial Affairs
Bryan Smith, Commercial Attach?
5 Latin America Street, Garden City, Cairo
Tel: 357-2330, 357-2340, Fax: 355-8368

The Commercial Service

John Abdelnour, Sr. Commercial Specialist
Heba Abdel Aziz, Commercial Specialist
3 El Pharaana Avenue, American Center Bldg., Alexandria

Tel: (03) 482-5607, 483-6330, Fax: (03) 482-9199

USDA/Foreign Agricultural Service (FAS)
 Thomas Pomeroy, Counselor for Agricultural Affairs
 Hassan Ahmed, Agricultural Attach?
 8 Kamal El Din Salah St., Garden City, Cairo
 Tel: 357-2388/9, Fax: 356-3989

U.S. Information Service
 David Ballard, Press Attach?
 5 Latin America St., Garden City, Cairo
 Tel: 357-3473/4, Fax: 357-3740

American Cultural Center
 Haynes Mahoney, Cultural Attach?
 5 Latin America St., Garden City, Cairo
 Tel: 357-3412, Fax: 357-3740

American Cultural Center
 Juliet Wurr, Director
 3 El Pharaana St., Alexandria
 Tel: 482-1009, 482-4117, Fax: 483-3811

U.S. Agency for International Development (USAID)
 Richard Brown, Director
 Toni Christiansen-Wagner, Deputy Director
 Mark Silverman, Associate Director
 Trade and Investment Division
 Zahraa El Maadi, Maadi, Cairo
 Tel: 516-5505 Ext. 2143, Fax: 516-4652

U.S. Department of State
 Richard LeBaron, Minister-Counselor for Political & Economic Affairs
 Wayne Neill, Counselor for Political and Economic Affairs
 8 Kamal El Din Salah St., Garden City, Cairo
 Tel: 357-2251, Fax: 357-2181

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U.S. Department of Commerce
 Tom Sams, Egypt Desk Officer
 MAC/ONE, Room 2029B
 Washington, DC 20230
 Tel: 202-482-1860, Fax: 202-482-0878

U.S. Department of Commerce
 The Commercial Service
 Jenelle Matheson, Regional Director - ANESA
 HCH Bldg., Room 1223
 Washington, DC 20230
 Tel: 202-482-4836, Fax: 202-482-5179

U.S. Department of Agriculture
 AgExport Services Division
 Charles T. Alexander, Director
 Room 4939-S, 14th Independence Ave., SW

Washington, DC 20250
Tel: 202-720-6343, Fax: 202-690-4374

U.S. Department of State
Philo Dibble, Deputy Director
Office of Egyptian and North African Affairs
NEA/ENA, Room 5250
Washington, DC 20520
Tel: 202-647-7449, Fax: 202-736-4458

U.S.-BASED MULTIPLIERS RELEVANT FOR EGYPT

Embassy of the Arab Republic of Egypt
3521 International Court, NW
Washington, DC 20008
Tel: 202-895-5400, Fax: 202-244-4319

Office of Economic & Commercial Affairs
Embassy of the Arab Republic of Egypt
Alaa El Din Shalaby, Minister-Counselor for Economic & Commercial Affairs
2232 Massachusetts Ave., NW
Washington, DC 20008
Tel: 202-265-9111, Fax: 202-328-4517

Consulate General of Egypt
1110 Second Ave., Rm. 201
New York, NY 10022
Tel: 212-759-7120, Fax: 212-308-7643

Consulate General of Egypt
3001 Pacific Ave.
San Francisco, CA 94115
Tel: 415-346-9700, Fax: 415-346-9480

Consulate General of Egypt
1990 Post Oak Blvd., Suite 2180
Houston, TX 77056
Tel: 713-961-4915, Fax: 713-961-3868

Consulate General of Egypt
500 N. Michigan Ave., Suite 1900
Chicago, IL 60611
Tel: 312-828-9162, Fax: 312-828-9167

Permanent Mission of Egypt to the United Nations
36 East 67 Street
New York, NY 10021
Tel & Fax: 212-879-6300

American Chamber of Commerce Egypt/U.S.
Graham Wisner/Executive Director
815 Connecticut Ave. NW
Washington, DC 20006-4078
Tel: 202-496-9299, Fax: 202-833-6919

National U.S.-Arab Chamber of Commerce

1100 New York Avenue, NW
 East Tower, Suite 550
 Washington, DC 20005
 Tel: 202-289-5920, Fax: 202-289-5938

U.S.-Arab Chamber of Commerce (Pacific) Inc.
 PO Box 422218
 San Francisco, CA 94142
 Tel: 415-398-9200, Fax: 415-398-7111

American Egyptian Cooperation Foundation (AECF)
 330 East 39th Street, Suite 32L
 New York, NY 10016
 Tel: 212-867-2323, Fax: 212-697-0465

Egyptian American BusinessmenÆs Association (EABA)
 50 Broad Street, Suite 1609
 New York, NY 10004
 Tel: 212-797-3474, Fax: 212-344-1050

Arab-American Business & Professional Association
 P.O. Box 700
 746 Walker Road
 Great Falls, VA 33066-0700
 Tel: 703-759-2235, Fax: 703-759-9300

Overseas Private Investment Corporation (OPIC)
 1615 M street, NW
 Washington, DC 20527
 Tel: 800-424-OPIC or 202-457-7010, Fax: 202-223-3514

Export-Import Bank (EXIM Bank)
 811 Vermont Avenue NW
 Washington, DC 20571
 Tel: 202-566-8990, 202-566-2117, Fax: 202-566-7524

U.S. Small Business Administration (SBA)
 409 3rd St., SW
 Washington, DC 20416
 Tel: 202-205-6531, Fax: 202-205-6928

U.S. International Trade Commission (USITC)
 500 E Street, SW
 Washington, DC 20436
 Tel: 202-252-1000, Fax: 202-252-1798

U.S. Trade and Development Agency (USTDA)
 John Richter, Regional Director for Africa & Middle East
 SA-16, Room 309
 Washington, DC 20523-1602
 Tel: 703-875-4357, Fax: 703-875-4009

National Institute of Standards and Technology (NIST)
 Dr. B. Stephen Carpenter, Director for IntÆl & Academic Affairs
 Bldg. 101, Room A505
 Gaithersburg, MD 20899

Tel: 301-975-2386, Fax: 301-975-3530

APPENDIX F: MARKET RESEARCH

U.S. Department of Commerce
International Trade Administration
The Commercial Service - Egypt

INTERNATIONAL MARKET INSIGHT (IMI) REPORTS FOR EGYPT FY 1998 AND 1999

Biotechnology Lab Equipment - IMI990713
Certificate of Origin/Decree 619/1998 - IMI990713
Duty Free Shop Imports- IMI990630
Labeling Requirements - IMI990630
Motor Vehicles Import Decrees - IMI990630
U.S. Fast Food Franchises- IMI990630
Cosmetics Market- IMI990630
Used Medical Equipment- IMI990630
Opportunities in Rosetta City- IMI990630
Alexandria Free Zone- IMI990630
Private Airline Companies in Egypt- IMI990630
Middle East Oil Refinery (MIDOR) - IMI990630
Privatization of Telecom Equip. Co. - IMI990630
Port Development Services- IMI990630
Telephone Caller Identification System - IMI980630
Printing Industry Opportunities - IMI980322
Military Factories - IMI980413
Carpet Market Overview - IMI980403
Internet Provider List (updated) - IMI980225
Recent Tariff Changes on Textiles - IMI980113
Airport Project - IMI971214
New Valley/Toshka Project (part III) - IMI971207
Developments in Sahl Hashish - IMI971125
Privatization of Egyptian Hotels - IMI971023
Cybercafes in Cairo - IMI971020
Business Promotion Organizations (updated) - IMI971007

INDUSTRY SECTOR ANALYSIS (ISA) REPORTS PLANNED FOR FY 2000:

Computer Software & Peripherals	October 1999
Insurance Services	December 1999
Drugs & Pharmaceuticals	January 2000
Frozen Fish	March 2000
Electronic Security Equipment	April 2000
Railway & Locomotive Equipment	May 2000
Environmental Equipment & services	September 2000

NOTE: A complete list of market research reports is available on the National Trade Data Bank (NTDB), via the World Wide Web at ? HYPERLINK HTTP://WWW.STAT-USA.GOV.?HTTP://WWW.STAT-USA.GOV;?

U.S. DEPARTMENT OF AGRICULTURE (USDA)

FOREIGN AGRICULTURAL SERVICE (FAS)

COMMODITY REPORTS

REPORT TITLE	DUE DATE
Grain & Feed Annual	03/10/99
Sugar Annual	04/10/99
Oilseeds & Products Annual	05/01/99
Tobacco Annual	05/20/99
Cotton Annual	06/20/99
Livestock Annual	08/01/99
Poultry Annual	08/15/99
Forest Products Annual	09/01/99
Agricultural Situation Report	09/30/99
Dairy Annual	10/20/99
Citrus Annual	11/01/99

NOTE: FAS reports available from Reports Office/FAS/USDA,
Washington, DC 20250, Fax: 202-720-7729

APPENDIX G: TRADE EVENT SCHEDULE FOR 1999/2000:

LIST OF TRADE EVENTS IN EGYPT FOR 1999

EVENT NAME ORGANIZER	DATE	LOCATION
Furniture 2 (Decorations, Interior Design, Home & Office Furniture)	Sept. 2-5	CICC ACG/ITF
IMSE 99 (Pumps, Valves, Tubes, Pipes & Fittings, Compressors, Hydraulic & Pneumatic Equipment)	Sept. 2-5	Fairgrounds EMC
Internet World Egypt99 (Internet Technology)	Sept. 3-5	CICC MEC
Offista '99 (Stationary & Office Supplies)	Sept. 9-11	CICC Tabarak
Print/Pack 8 (Printing And Packaging)	Sept. 16-19	Fairgrounds ACG/ITF

Midec 99 (Construction & Building)	Sept. 19-22	CICC	MEC	
IT/Wireless Egypt 99 (Gsm/Mobile Comm., Sat Comm. And Info. Technology Markets)	Sept. 21-24	Fairgrounds	CTI	
Sahara (Irrigation Systems/Machinery, Agro Chemicals, Seeds, Animal Production)	Sept. 28-Oct.1	CICC	Ancom	
Red Sea Water Sports & Diving (Water Sports, Yachting And Diving/Scuba Industries)	Oct. 6-9	Fairgrounds	CTI	
HACE '99 (Hotel Supplies & Catering, Bakery, Confectionery Equipment)	Oct. 9-12	CICC	EGM	
Seftex '99 (Security And Safety Equipment & Technology)	Oct. 14-18	Fairgrounds	Alsafa	
Arab Int'l Exh. For Mining (Aimex)	Oct. 25-28	Fairgrounds	Alsafa	
Winter Build '99 (Building Materials & Decoration)	Oct. 26-29	CICC	AGD	
Pack Expo (IBP)	18-23	Las Vegas	CS-Egypt	
The World Of Children 99 (Children's Product Industry)	Oct. 27-31	Fairgrounds	CTI	
Plastex 5 (Plastics And Rubber)	Oct. 27-31	Fairgrounds	ACG/ITF	
Chemia'99 (Chemical Industries)	Oct. 28-31	CICC	AGD	
Green Globe '99 (Environmental Protection Technologies)	Oct. 28-31	CICC	AGD	
Mactools 4 (Machine & Hand Tools Systems & Components)	Nov. 11-14	Fairgrounds	ACG/ITF	
Electricx 99 (Middle East Power & Energy)	Nov. 6-9	CICC	Egytec	
Prego 4				

(Petrochemicals, Refineries, Gas & Oil)		Nov. 8-11	Fairgrounds	ACG/ITF
Arab Autotec Cairo 99 (Vehicles, Spare Parts, Access., Car Feeding Ind., Gas Workshops,				
Service Stations, Garage Eq, Repair & Maintenance)	Nov. 16-19	CICC	Art Line	
Visiontec '99 (Motion Picture Equipment & Technology)		Nov. 23-26	CIFF	Magicx
SAIE Egypt 99 (Building)		Dec. 2-5	Fairgrounds	ACG/ITF

List Of Trade Events In Egypt For 2000

Event Name		Date	Location	Organizer
The International Builders Show (IBP)	Jan. 14-17	Dallas, TX	CS-Egypt	
Arab Health 2000 (Hospital & Medical Equipment)	Jan. 26-29	CICC	IIR	
Airport 2000 (Airport Ground Support Equipment & Supplies)	Feb. 9-11	Fairgrounds	ACG/ITF	
ITCE 5 (Textile, Embroidery & Sewing Machinery, Accessories & Finished Products)	Feb. 17-20	CICC	ACG/ITF	
U.S. Pavilion Cairo International Trade Fair (TFO)	March 1-10	Fairgrounds	CS-Egypt	
Automech 5 (Vehicles, Buses, Motorcar Workshops, Automobile Spare Parts & Access.)	Mar. 9-13	CICC	ACG/ITF	
Wood World (Furniture Industry)	Apr. 5-8	CICC	AGD	
IGC 2000 (Glass & Ceramic Industries)	Apr. 27-30	Fairgrounds	EMC	
Franchising Expo (IBP)	May 2000	Orlando, FL	CS-Egypt	

Index Egypt

(Interior Design)	May 17-20	CICC	ACG/ITF
Envitec (Environment Protection & Waste Disposal Technologies)	May 25-28	Fairgrounds	EMC
NPE 2000 (IBP)	June 19-23	Chicago, IL	CS-Egypt
Inter Build 2000 (Building & Construction)	June 22-26	CICC	AGD
Furniture 3 (Decorations, Interior Design, Home & Office Furniture)	Sept. 1-4	CICC	ACG/ITF
IMSE 2000 (Pumps, Valves, Tubes, Pipes & Fittings, Compressors, Hydraulic & Pneumatic Eq.)	Sept. 7-10	Fairgrounds	EMC
Interlab (Laboratory Technology & Biotechnology)	Sep. 27-29	CICC	Tabarak
Progift Show 2000 (Gifts And Promotional Items)	Oct. 7-10	Semiramis	Propaganda
Plastex 6 (Plastics And Rubber)	Oct. 12-16	Fairgrounds	ACG/ITF
MEFSEC 2000 (Middle East Fire, Safety & Security)	Oct. 25-28	CICC	Egytec
Mactools 5 (Machine & Hand Tools Systems & Components)	Oct. 26-29	Fairgrounds	ACG/ITF
HACE 99 (Hotel Supplies & Catering, Bakery, Confectionery Equipment)	Nov. 4-7	CICC	EGM
SAIE Egypt æ99 (Building)	Nov. 9-12	Fairgrounds	ACG/ITF
International Motor Show Buses, Trucks, Trailers, Motorcycles, Acces.)	Nov. 13-19	CICC	Art Line
Winter Build 2000 (Building Materials & Decoration)	Nov. 24-27	CICC	AGD

List of Egyptian Show Organizers

CAIRO INTERNATIONAL CONVENTION CENTER (CICC)

Nasr City, Cairo

Tel: 263-4632, 260-3602, 262-1698, Fax: 401-8950

Web Site: www.CICC.egnet.net

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Ms. Randa El Alaily, Int'l Marketing Manager

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Mr. Ahmed Ghazzi, Managing Director

Mr. Karim Elsayed, Marketing Director

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 Mr. Ahmed Hafez, Chairman

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Eng. Ashraf Mohamed

Legend: CICC - Cairo International Conference Center

CIFF - Cairo International Film Festival

IBP - International Buyer Program

TFO - Trade Fair Overseas

"Because trade event schedules may change, participants should consult the Export Promotion Calendar on the NTDB or contact the Commercial Service in Egypt at the U.S. Embassy in Cairo for the latest information, or arrange individual trade programs."

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